

**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)

(Joint Administration Requested)

**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**

I, Richard Coulombe, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury under the law of the United States as follows:

1. I am the chief financial officer of The Lion Electric Company (“Lion Electric” or the “Foreign Representative”), which is the duly appointed foreign representative of the above captioned debtors (collectively, the “Debtors” or “Lion Group”), in the Canadian proceeding (the “Canadian Proceeding”) commenced under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”), pending before the Superior Court of Québec

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.

(Commercial Division) (the “Canadian Court”). I am authorized to provide this declaration on behalf of the Foreign Representative and each of the Debtors.

2. I have been CFO of Lion Electric since September 18th, 2023. As such, I have personal knowledge of the matters deposed to in this declaration. Where I have relied on other sources for information, I have specifically referred to such sources and believe them to be true. In preparing this declaration, I have consulted with legal, financial and other advisors to, as well as other members of the senior management team of, the Debtors. The Debtors do not waive or intend to waive any applicable privilege by any statement herein.

3. All references to monetary amounts in this affidavit are in American dollars unless otherwise noted, but do not represent amounts or measures prepared in accordance with U.S. GAAP unless expressly stated.

I. THE DEBTORS’ BACKGROUND

4. The Lion Group designs, develops, manufactures and distributes all-electric medium and heavy-duty urban trucks and busses (“EVs”). Each EV is purpose-built for electric and entirely designed and assembled in-house, with its own chassis, truck cabin or bus body, proprietary battery technology with modular energy capacity and Lion Group’s software integration. Historically, the Lion Group solely relied on third-party battery suppliers to source battery cells, modules and packs that were integrated in its EVs. Following the inauguration of its Battery Plant (as defined below) in April 2023, the Lion Group began manufacturing its own battery modules and packs that integrate 21700 cylindrical battery cells sourced from third-party suppliers. In the fourth quarter of 2023, the Lion Group achieved successful certification of the “LionBattery MD,” a lithium-ion battery pack specifically designed for the Lion Group’s medium

duty trucks and school buses. The Lion Group also achieved successful certification of its heavy duty (HD) battery pack in the second quarter of 2024.

A. The Debtors' Products and Solutions

5. The Lion Group's medium and heavy-duty EVs address the needs of the sub-250 miles (or 400-km) mid-range urban market. In 2023, the Lion Group delivered 771 school buses and 81 trucks to its customers. As of September 30, 2024, the Lion Group delivered 350 school buses and 36 trucks, of which 196 were delivered in Q1, 101 in Q2 and 89 in Q3.

6. The Lion Group's current line-up of all-electric buses include two types, namely the LionC and LionD buses, both of which are offered in several range and configuration options:

	LionC	LionD
Estimated Power and Battery Capacity	Power: 250 kW – 335 HP Battery Capacity: Up to 210 kWh	Power: 250 kW - 335HP Battery Capacity: Up to 210 kWh
Commercial Production	✓	✓

The LionC consists of a single-speed electric powertrain school bus with a capacity of 72 passengers, for which the body is installed upon a flat-back cowl chassis and includes a hood and complete front fender. The LionD is a “transit-style” flat-nose school bus with a capacity of 83 passengers.

7. The Lion Group's current line-up of purpose-built all-electric trucks includes three configurations based on gross vehicle weight rating (GVWR), namely the Lion5, the Lion6, and the Lion8 (used for the Lion8 (straight) and the Lion 8T Tractor truck), all of which may be customized to meet customers' needs:²

² As discussed herein, the Lion Group suspended manufacturing operations at the Joliet Facility (defined below) as well as its truck manufacturing operations at its St-Jérôme Facility (as defined below).

	Lion5	Lion6	Lion8	Lion8T
GVWR⁽¹⁾	Up to 22,470 lb	Up to 26,000 lb	Up to 60,000 lb	Up to 110,000 lb
Estimated Power and Battery Capacity	Power: Up to 335 HP Battery: Up to 210 kWh	Power: Up to 335 HP Battery: Up to 252 kWh	Power: Up to 470 HP Battery: Up to 252 kWh	Power: Up to 670 HP Battery: Up to 630 kWh
Commercial Production	✓	✓	✓	× (Expected 2025)

⁽¹⁾ Gross vehicle weight rating, which refers to the maximum weight a vehicle is designed to carry including the net weight of the vehicle with accessories, plus the weight of passengers, fuel and cargo.

The Lion5, Lion6 and Lion8 are all purpose electric medium- and heavy-duty trucks designed with versatility, and can be used for transporting goods, as well as utility maintenance or ambulance services, through upfit equipment options and applications provided and integrated by third parties. The Lion8T truck is an all-electric heavy-duty tractor truck designed to haul semi-trailers and containers.

B. Principal Markets and Channels

8. The Lion Group's products are available for purchase in Canada and in the US. In 2023, 65% of the Lion Group's revenues were generated by sales in Canada and 35% of the revenues were generated by sales in the US. In the past three years, there were approximately 276 EVs that were manufactured in Canada and sold in the United States, and approximately 199 EVs were manufactured in the United States and sold in the United States.

9. The Lion Group's vehicles target a wide array of customers, including third-party school bus operators, school districts, carriers, consumer goods companies, waste management operators, manufacturers, utilities, as well as governmental agencies. The Lion Group has focused its sale efforts towards medium to large fleet owners via its direct-to-customer sales model. The customer breakdown for school buses varies across jurisdictions in the US and Canada but consists mainly of school bus operators and school districts. Products are distributed by truck and rail in

Canada and in the United States, either directly to the Lion Group's customers or to the third-party upfitters the Lion Group partners with.

10. The Lion Group's sales model is generally based on direct-to-customer sales tailored for EVs, thereby generally avoiding reliance on third-party dealerships. The Lion Group utilizes strategic marketing to accelerate sales opportunities and build brand awareness. Its current marketing programs primarily target commercial fleet operators and government agencies, and include conferences and industry events, sponsors and exhibits, press releases, email campaigns, digital advertising, cooperative marketing effects and communications regarding the Lion Group's differentiated selling points and product features through marketing collateral such as its website, presentation slides, social media, webinars and videos. Services available on-site at the Lion Group's experience centers include product demonstrations and sales support, full-service training, charging infrastructure assistance and maintenance support. The Lion Group has 12 experience centers strategically located in key markets in the United States and Canada. The Lion Group foresees closing all or some of the experience centers in the Canadian Proceeding to preserve its liquidity.

11. The Lion Group competes in the medium and heavy-duty urban vehicle market, ranging from commercial trucks to buses. The North American medium and heavy-duty urban truck market is highly competitive and will continue to be so in the future. The Lion Group faces competition for their trucks from manufacturers of purpose-built all-electric vehicles such as Nikola Motors, BYD and Xos, manufacturers of hybrid/retrofit EVs such as Workhorse, and manufacturers of trucks with internal combustion engines powered by diesel fuel. The North American school bus market is mainly concentrated in the hands of three incumbent automotive original equipment manufacturers selling both diesel school buses as well as electric school buses:

Blue Bird Corporation, Thomas Built Buses (Daimler) and IC Bus (Navistar International, subsidiary of Traton). In addition to the incumbent diesel school bus OEMs, there are also a few early-stage EV OEMs that have entered in competition with the Lion Group, such as Green Power Motor, which offer purpose-built electric Type D and Type A school buses.

C. Engineering and Manufacturing Activities

12. As of the Petition Date, engineering for the Lion Group's products primarily occurs at a facility located in Saint-Jérôme, Québec, Canada) (the "St-Jérôme Facility") and at its Battery Plant (as defined below) in Mirabel, Québec, Canada. The Lion Group employs an engineering staff of approximately seventeen (17) people at these facilities to provide product engineering support for the company's Canadian and U.S. manufacturing operations and sales teams.

13. Prior to the Petition Date, Lion Group was operating a manufacturing facility in the U.S. located in Joliet, Illinois, which supports the Lion Group in addressing demand in the marketplace for "Made in America" zero-emission vehicles (the "Joliet Facility"). On December 1, 2024, the Lion Group announced that it would suspend manufacturing operations at its Joliet Facility.

14. The Lion Group also operates (or operated) the following facilities located at the YMX International Aerocity of Mirabel, with a municipal address of 9900, rue Irénée-Vachon, Mirabel, Québec J7N 3W4 (collectively, the "Lion Campus"):

- (a) a battery plant (the "Battery Plant"), which was inaugurated on April 17, 2023, where the Lion Group manufactures its own battery modules and packs that integrate 21700 cylindrical battery cells sourced from third party suppliers; and
- (b) an innovation center (the "Innovation Center"), which was used for various purposes, including as a testing and certification center for vehicles and batteries, a predelivery inspection site, a showroom and delivery center, and as a warehousing space.³

³ On December 16, 2024, the Lion Group sold the Innovation Center to Montreal Airport for approximately

15. The St-Jérôme Facility, the Joliet Facility, and the Battery Plant are operated on leased premises. A summary of the leased properties dedicated to manufacturing activities of the Lion Group and their principal purposes is outlined below.

Facility	Lessee and Lessor	Principal Production Activity	Approximate Square Footage
Saint-Jérôme, QC, Canada	Lessee: Lion Electric Lessor: Complexe Industriel Laurentide Inc.	Head Office Manufacturing Facility In-house R&D Testing Center Experience Center	200,000
Joliet, IL, United States	Lessee: The Lion Electric Manufacturing USA, Inc. Lessor: Joliet Industrial CPB2, LLC Guarantor: Lion Electric	Manufacturing Facility	900,000
Mirabel, QC, Canada	Lessee: Lion Electric Lessor: BTB Mirabel Inc. and BTB Acquisition and Operating Trust	Battery Manufacturing Facility	175,000

D. Employees

16. As of December 17, 2024, the Lion Group employed approximately three hundred (300) full-time employees in Canada and the U.S., across all functions including manufacturing, engineering, research and development, sales and marketing, service, corporate and administrative. Approximately forty-four (44) of these employees reside in the United States. As of the Petition Date, the Lion Group was current in its payroll obligations, but approximately US\$2,860,000 remains outstanding on account of unpaid accrued vacation.

C\$50,000,000.00. The net proceeds from such transaction (the “Innovation Center Sale Transaction”) were used as a partial payment on the 2023 Non-Convertible Debentures (as defined below).

17. In April 2024, the International Association of Machinists and Aerospace Workers, District 11 (“IAM”) filed a petition for certification with the *Tribunal administrative du travail du Québec* (“TAT”) to represent Lion Electric's employees at the St-Jérôme Facility, except for employees automatically excluded by law and office employees, and on June 27, 2024, the TAT rendered its decision concluding that the IAM had the representative character required by law. Although Lion Electric commenced sessions relating to the negotiation of a collective bargaining agreement with IAM representatives, no collective bargaining agreement has yet been concluded with the employees represented by the IAM.

18. In November 2023, the IAM filed a petition for an election with the National Labor Relations Board (“NLRB”) to represent the Company’s full time and regular part-time production and warehouse employees at the Joliet Facility, subject to certain exceptions. The election was held on December 21, 2023, and the results have not yet been finalized in light of certain votes being challenged. A hearing with the NLRB was held in February 2024, to resolve certain challenged ballots and a decision on the outcome of the election is still expected from the NLRB.

II. THE DEBTORS’ CORPORATE, DEBT, AND CAPITAL STRUCTURE

A. The Debtors’ Trading History

19. Lion Electric is a reporting issuer in all Canadian provinces and territories and its authorized share capital consists of (i) an unlimited number of common shares, and (ii) an unlimited number of preferred shares issuable in one or more series. As of September 30, 2024, there were 226,217,541 common shares issued and outstanding, and no preferred shares were issued and outstanding. Lion Electric has never declared or paid any dividends on its common shares. In addition, Lion Electric has 4 series of warrants in circulation that allow holders to purchase its common shares, as well as convertible debentures that allow their holders to convert their debentures into such common shares as well.

20. As of April 4, 2024, no person or company beneficially owned, controlled or directed, directly or indirectly, more than 10% of any class or series of the voting securities of Lion Electric, other than the following entities:

Shareholder	Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Shares on a Non-Diluted Basis
Power Energy Corporation	77,143,685 ⁽⁴⁾	34.11%
9368-2672 Québec Inc.	25,958,653 ⁽⁵⁾	11.47%

21. Between January 2024 and July 2024, the monthly price range for the common shares on both the Toronto Stock Exchange (“TSX”) and New York Stock Exchange (“NYSE”), and the total monthly volumes and average daily volumes traded, are as follows:

2024	TSX			NYSE		
	High C\$	Low C\$	Volume	High US\$	Low US\$	Volume
January	C\$2.670	C\$2.270	4,921,600	US\$1.990	US\$1.680	7,547,800
February	C\$2.500	C\$1.920	5,433,500	US\$1.857	US\$1.410	8,463,000
March	C\$2.090	C\$1.610	7,741,200	US\$1.560	US\$1.180	15,370,500
April	C\$1.990	C\$1.220	8,223,500	US\$1.470	US\$0.880	12,180,100
May	C\$1.600	C\$1.230	12,110,600	US\$1.170	US\$0.890	10,220,300
June	C\$1.710	C\$1.160	6,821,600	US\$1.240	US\$0.840	10,691,000
July	C\$1.370	C\$0.920	5,152,300	US\$0.996	US\$0.670	5,377,800
August	C\$1.100	C\$0.750	7,04,600	US\$0.830	US\$0.533	6,587,400
September	C\$1.090	C\$0.890	3,821,800	US\$0.820	US\$0.660	5,058,600
October	C\$0.960	C\$0.830	3,235,600	US\$0.750	US\$0.600	4,060,900

⁴ Power Energy Corporation is headquartered in Montreal, Québec and a wholly owned subsidiary of Power Sustainable Capital Inc., which in turn is a wholly-owned subsidiary of Power Corporation of Canada. Power Energy Corporation also holds common shares purchase warrants that are exercisable into 9,842,519 common shares.

⁵ Marc Bedard, CEO—Founder of Lion Electric, has control over, directly and indirectly, a majority of the voting shares of 9368-2672 Québec Inc. Marc Bedard also holds 59,842 common shares. In addition, Mr. Bedard holds common share purchase warrants, options and restricted share units of Lion Electric.

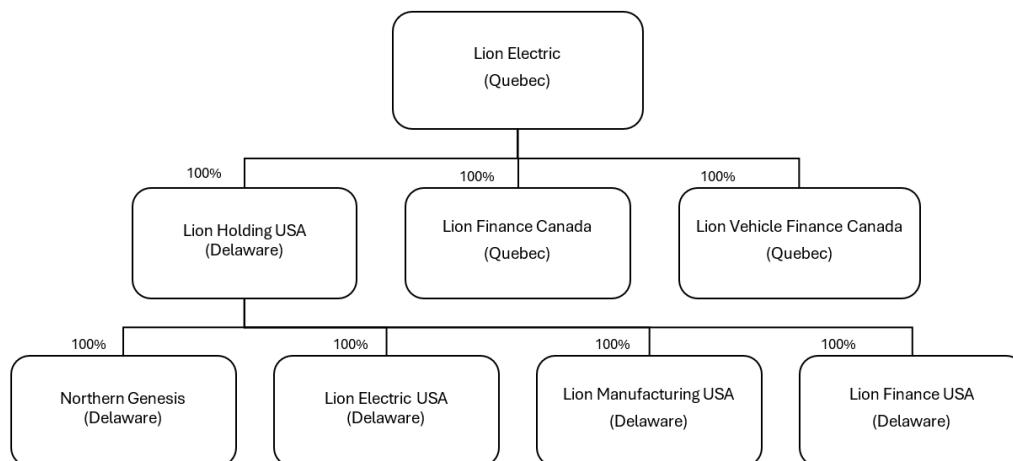
November	C\$0.880	C\$0.250	18,002,800	US\$0.634	US\$0.181	23,543,000
December ⁶	C\$0.720	C\$0.290	34,410,897	US \$0.490	US \$0.187	330,952.223

As of the close of business on December 16, 2024, the price per common shares of Lion Electric was C\$0.345 on the TSX and US\$0.250 on the NYSE.

22. On December 17, 2024, trading in the common shares and other listed securities of the Lion Electric on the TSX and the NYSE has been suspended and the TSX has put Lion Electric under delisting review under its expedited review process. It is anticipated that the trading thereof will continue to be suspended until completion of such review.

B. The Debtors' Corporate Structure

23. The Debtors' corporate structure is reflected in the following organizational chart:



The headquarters of each of the Debtors, and the registered office of the Québec Debtors, is 921 chemin de la Rivière-du-Nord, Saint-Jérôme, Québec, Canada J7Y 5G2. The registered office for the Delaware Debtors is 2915 Ogletown Road, Newark, Delaware, 19713.

⁶ Figures are reflected as of December 16, 2024.

(i) Lion Electric

24. Lion Electric is a Québec-based company specialized in designing, developing, manufacturing and distributing all-electric medium and heavy-duty urban vehicles. Lion Electric was initially incorporated under the *Business Corporations Act* (Québec) (“QBCA”) on July 28, 2008 under the name “Lion Buses Inc.” On November 24, 2020, Lion filed articles of amendment to change its name to “The Lion Electric Company”.

25. On November 30, 2020, Lion Electric announced that it had entered into a business combination agreement and plan of reorganization pursuant to which a wholly-owned subsidiary of Lion Electric would merge with Northern Genesis Acquisition Corp., which would survive the merger as a wholly-owned subsidiary of Lion Electric (the “Business Combination”). The Business Combination closed on May 6, 2021, and, on May 7, 2021, Lion Electric's common shares began trading on the NYSE and the TSX under the ticker symbol “LEV.” Today, Lion Electric is the ultimate parent company of the Lion Group and directly or indirectly owns all of the issued and outstanding shares of the subsidiary Debtors.

(ii) The Lion Electric Finance Canada Inc.

26. The Lion Electric Finance Canada Inc. (“Lion Finance Canada”) was incorporated on September 17, 2021, under the QBCA. Lion Finance Canada is one of two subsidiaries responsible for assisting a third party with offering financing to Canadian-based customers for the acquisition of EVs.

(iii) The Lion Electric Vehicles Finance Canada Inc.

27. The Lion Electric Vehicles Finance Canada Inc. (“Lion Vehicles Finance Canada”) was incorporated on October 24, 2022, under the QBCA. Lion Vehicles Finance Canada is the

second subsidiary responsible for assisting a third party with offering financing to Canadian-based customers for the acquisition of EVs.

(iv) Lion Electric Holding USA Inc.

28. Lion Electric Holding USA Inc. ("Lion Holding USA") was incorporated on November 18, 2021, under the laws of the State of Delaware. Lion Holding USA owns all of the issued and outstanding shares in Lion Electric's U.S. subsidiaries (namely, Northern Genesis, Lion Electric USA, Lion Manufacturing USA and Lion Finance USA). Lion's business operations involve its ownership of the subsidiaries listed above, the guaranty of indebtedness owed to certain Canadian creditors, the maintenance of itself as a corporation in good standing in its state of domicile, and the maintenance of a bank account at BMO (8959). As of the Petition Date, \$243.38 was held in this account. I am the CFO of Lion Holding USA, and the other executive officers of Lion Holding USA are Marc Bédard, Dominique Perron, and Vince Spadafora.

(v) Northern Genesis Acquisition Corp.

29. Northern Genesis Acquisition Corp. ("Northern Genesis") was incorporated on May 27, 2020, under the laws of the State of Delaware. Northern Genesis was created as a publicly traded special purpose acquisition company and was party to the Business Combination described herein. Following the Business Combination, the business operations of Northern Genesis involve the maintenance of a bank account at BMO (6223), the maintenance of itself as a corporation in good standing in its state of domicile, the guaranty of indebtedness owed to certain Canadian creditors, and the defense of litigation pending in the United States District Court for the Southern District of New York as discussed below. As of the Petition Date, \$51.46 was held in the BMO account. The executive officers of Northern Genesis are Marc Bédard and Dominique Perron.

(vi) Lion Electric Co. USA Inc.

30. Lion Electric USA, Inc. (“Lion Electric USA”) was incorporated on February 20, 2018, under the laws of Delaware. Lion Electric USA is responsible for managing and conducting sales of EVs in the US. It is the defendant in certain litigation pending in the Superior Court of California as discussed below. It has two bank accounts held in the US: (i) a bank account at Bank of America (8410); and (ii) a bank account at BMO (7852). As of the Petition Date, \$28,412.22 was held at Bank of America (8410) and \$53,059.63 was held at BMO (7852). I am the CFO of Lion Electric USA, and the other executive officers of Lion Electric USA are Marc Bédard, Dominique Perron, and Vince Spadafora.

(vii) Lion Electric Finance USA Inc.

31. Lion Electric Finance USA Inc. (“Lion Finance USA”) was incorporated on August 25, 2021, under the laws of the State of Delaware. Lion Finance USA is responsible for offering financing solutions to U.S.-based customers for the acquisition of the Lion Group’s EVs, whether manufactured in Canada or the U.S., primarily through Mitsubishi HC Capital Canada, Inc. or its affiliates.⁷ It has one bank account at BMO (9536). As of the Petition Date, \$95.20 was held in this account. I am the CFO of Lion Finance USA, and the other executive officers of Lion Electric USA are Marc Bédard, Dominique Perron, and Vince Spadafora.

(viii) Lion Electric Manufacturing USA Inc.

32. Lion Electric Manufacturing USA Inc. (“Lion Manufacturing USA”) was incorporated on August 25, 2021, under the laws of the State of Delaware. Lion Manufacturing USA is responsible for manufacturing EVs destined for the U.S. market. It operates the Joliet Facility. It has one bank account at BMO (8439). As of the Petition Date, \$455,107.38 was held

⁷ As of the Petition Date, Mitsubishi did not finance any sales in the United States.

in this account. I am the CFO of Lion Manufacturing USA, and the other executive officers of Lion Manufacturing USA are Marc Bédard, Dominique Perron, and Vince Spadafora.

III. THE DEBTORS' ASSETS, INDEBTEDNESS AND OBLIGATIONS

A. Assets and Liabilities

33. As of September 30, 2024, the Lion Group had, on a consolidated basis, total assets with a book value of approximately \$780,200,349, consisting of the below:

ASSETS	(IN US DOLLARS)
Current Assets	
Cash	26,287,968
Accounts receivable	48,724,699
Inventories	215,103,160
Prepaid expenses and other current assets	2,181,322
<i>Total current assets</i>	292,297,149
Non-Current Assets	
Other non-current assets	7,879,733
Property, plant and equipment	186,611,153
Right-of-use assets	90,986,710
Intangible assets	189,170,558
Contract asset	13,255,046
<i>Total non-current assets</i>	487,903,200
Total Assets:	780,200,349

34. As of September 30, 2024, the Lion Group had, on a consolidated basis, outstanding indebtedness in the amount of \$499,765,196, consisting of the below:

LIABILITIES	(IN US DOLLARS)
Current Liabilities	
Trade and other payables	57,905,846
Deferred revenue and other deferred liabilities	44,253,046

LIABILITIES	(IN US DOLLARS)
Current portion of long-term debt and other debts	149,540,872
Current portion of lease liabilities	8,190,021
<i>Total current liabilities</i>	259,889,785
Non-Current Liabilities	
Long-term debt and other debts	143,095,183
Lease liabilities	87,217,483
Share warrant obligations	5,521,709
Conversion options on convertible debt instruments	4,041,036
<i>Total non-current liabilities</i>	239,875,411
Total Liabilities:	499,765,196

B. Secured Indebtedness

35. As of September 30, 2024, the Lion Group had approximately \$216,076,804.17 in outstanding secured liabilities, which amount is briefly outlined below (with the creditors identified in the following chart being collectively referred to as the “Secured Creditors”).

Secured Creditors	Indebtedness
Syndicate of lenders (“ <u>Banking Syndicate Lenders</u> ”), represented by National Bank of Canada (“ <u>NBC</u> ”), as administrative agent and collateral agent, and including Bank of Montreal and Federation des Caisses Desjardins du Québec	\$117,100,000
Fonds Finalta Capital, S.E.C. (“ <u>Finalta</u> ”) and CDPQ Revenu Fixe I Inc. (“ <u>CDPQ</u> ”), as lenders, represented by Finalta as <i>fondé de pouvoir</i> (hypothecary representative)	\$22,659,723
Holders of the 2023 Non-Convertible Debentures (as defined below) represented by Groupe Mach Inc. as <i>fondé de pouvoir</i> (hypothecary representative) (“ <u>Groupe Mach</u> ”)	\$68,915,845⁸
Other Secured Liabilities	\$7,401,236.17

⁸ Given the Innovation Center Sale Transaction and the use of those net proceeds as a partial repayment of the 2023 Non-Convertible Debentures, the Lion Group’s debt was reduced accordingly.

	Total:	\$216,076,804.17
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(i) **The Revolving Credit Agreement with The Banking Syndicate Lenders**

36. On August 11, 2021, Lion Electric, as borrower, and Lion Holding USA, Lion Electric USA, Lion Manufacturing USA and Northern Genesis, as guarantors, are parties to a credit agreement dated as of August 11, 2021, entered into with the Banking Syndicate Lender (also known as the “Prepetition Syndicate Lenders”), represented by NBC (“Prepetition Agent”), as administrative agent, collateral agent and hypothecary representative (as such credit agreement was amended by an amendment request letter dated as of November 4, 2021, a first supplemental credit agreement dated as of January 25, 2022, an amendment request letter dated as of April 29, 2022, a request for consent dated as of September 20, 2022, a second amended and restated request for consent dated as of July 12, 2023, an amendment and request for advance letter dated as of May 31, 2024, a second supplemental credit agreement dated July 1, 2024, a borrowing base amendment request dated July 30, 2024, a request for consent and amendment dated September 30, 2024, an amendment request dated October 28, 2024, a request for amendments dated November 15, 2024, and an amendment dated November 30, 2024, and as otherwise amended to the date hereof, the “Revolving Credit Agreement”), which provides for a \$200,000,000 revolving credit facility bearing interest at a floating rate,⁹ and which was made available for use to finance working capital and for other general corporate purposes (the “Prepetition Secured Credit Facility”).

37. The obligations under the Revolving Credit Agreement are secured by a security interest, hypothec and lien on substantially all movable (personal) property and assets (subject to

⁹ As of September 30, 2024, the weighted average all-in interest rate was 8.6%.

certain exceptions and limitations) of Lion Electric, Lion Holding USA, Northern Genesis, Lion Electric USA and Lion Manufacturing USA (collectively, the “Lion Operating Group”). As of September 30, 2024, the amounts owing under the Revolving Credit Agreement total \$117,100,000. Such amount was subsequently increased to approximately \$2,200,000, following additional advances made by the Banking Syndicate Lenders pursuant to an amendment dated November 30, 2024, to temporarily fund the Lion Group’s operations and payroll.

(ii) The Finalta-CDPQ Loan Agreement

38. On November 7, 2022, Lion Electric, as borrower, Lion Holding USA, Lion Electric USA, Lion Manufacturing USA and Northern Genesis, as guarantors, entered into a loan agreement with Finalta and CDPQ (the “CDPQ-Finalta Lenders”), and Finalta as agent and *fondé de pouvoir*, to finance certain refundable tax credits and grants under government programs (as such loan agreement was amended on July 1, 2024, September 30, 2024, October 28, 2024, November 15, 2024, and November 30, 2024, and as otherwise amended to the date hereof, the “Finalta-CDPQ Loan Agreement”). The Finalta-CDPQ Loan Agreement provides for a loan facility of up to a principal amount of C\$30 million and bears interest at the rate of 12.95% per annum.

39. The obligations pursuant to the Finalta-CDPQ Loan Agreement are secured by a security interest, hypothec and lien in certain tax credits and government grants and receivables, and a security interest, hypothec and lien in substantially all other movable property and assets (subject to certain exceptions and limitations) of the Lion Operating Group.

40. As of September 30, 2024, the amounts owing under the Finalta-CDPQ Loan Agreement, as amended, amounted to \$22,659,723 in principal.

41. On December 16, 2024, the covenant relief periods under both the Revolving Credit Agreement (described above) and the Finalta-CDPQ Loan Agreement expired. Both facilities

came to maturity, thereby resulting in the Lion Group defaulting pursuant to the terms of the Revolving Credit Agreement, the Finalta CDPQ Loan Agreement and other debt instruments providing for cross-default or cross acceleration provisions. These lenders have the ability to exercise their rights and request immediate repayment of amounts borrowed by the Lion Group.

(iii) The 2023 Non-Convertible Debentures

42. On July 19, 2023, Lion Electric closed financing transactions resulting in aggregate gross proceeds of approximately \$142 million (the “2023 Debenture Financing”), of which C\$91 million (\$68 million) resulted from the issuance by way of private placement to a group of subscribers of senior secured non-convertible debentures (as amended on July 1, 2024 and as otherwise amended to the date hereof, the “2023 Non-Convertible Debentures”), represented by Groupe Mach as their *fondé de pouvoir* (hypothecary representative). Lion Holding USA, Lion Electric USA, Lion Manufacturing USA and Northern Genesis are guarantors on the 2023 Non-Convertible Debentures.

43. The 2023 Non-Convertible Debentures bear interest at the rate of 11% per annum which interest is payable in cash on a quarterly basis until the maturity date of July 19, 2028. The amounts owing to the holders of the 2023 Non-Convertible Debentures are secured by a security interest, hypothec and other liens on substantially all the movable (personal) property and assets (subject to certain exceptions and limitations) of the Lion Operating Group, and, previously, a hypothec on the immovable/real rights related to Lion Electric’s Innovation Center.

44. As of September 30, 2024, the amounts owing by Lion Electric in respect of the 2023 Non-Convertible Debentures amounted to approximately \$68,915,845.00, which was reduced by the net proceeds resulting from the Innovation Center Sale Transaction.

(iv) The Other Secured Liabilities

45. In addition to the foregoing, there is approximately \$7,401,236.17 of secured liabilities owing to other secured creditors, which creditors include, *inter alia*, (i) indebtedness owing by Lion Manufacturing USA to BMO Harris Bank N.A. in the approximate amount of \$ 7.4 million in connection with one or more master lease agreements or similar instruments with respect to purchase money obligations, capital leases and other similar obligations, and (ii) approximately \$1,236.17 owing to Intact Compagnie d'assurance with respect to certain bond obligations.

C. Unsecured Indebtedness

(i) SIF Loan Agreement

46. On August 19, 2021, Lion Electric entered into an unsecured non-interest-bearing loan agreement with the Strategic Innovation Fund of the Government of Canada (the “SIF”) relating to the construction of the Lion Campus (as amended on June 25, 2024, and as otherwise amended to the date hereof, the “SIF Loan Agreement”). Pursuant to the SIF Loan Agreement, funds were advanced to Lion Electric by way of reimbursement of a predetermined percentage of qualified expenditures incurred by Lion Electric in connection with the construction of the Lion Campus, such that the ultimate amount to be received under the SIF Loan Agreement was dependent upon qualified expenditures being made by Lion Electric in connection with the Lion Campus. In certain circumstances, the loan made under the SIF Loan Agreement is eligible to be forgiven. As of September 30, 2024, the amounts owing by Lion Electric in respect of the SIF Loan amounted to approximately \$21,807,465.

(ii) The IQ Loan

47. On July 1, 2021, Lion Electric entered into a loan agreement (l'offre de prêt) with Investissement Quebec (“IQ”), relating to the construction of the Lion Campus (such loan agreement, as amended on February 23, 2022, July 15, 2023, and as otherwise amended to the date hereof, the “IQ Loan Agreement”).

48. Pursuant to the IQ Loan Agreement, funds were advanced to Lion Electric by way of reimbursement of a predetermined percentage of qualified expenditures incurred by Lion Electric in connection with the construction of the Lion Campus, such that the ultimate amount to be received under the IQ Loan Agreement was dependent upon qualified expenditures being made by Lion Electric in connection with the Lion Campus. In certain circumstances, the loan made under the IQ Loan Agreement is eligible to be forgiven.

49. The IQ Loan bears interest at a fixed rate of 4.41% per year over a 10-year term.

50. The obligations under the IQ Loan were previously secured by a hypothec on Lion Electric's immovable (real) property rights related to the Innovation Center facility located on the Lion Campus and a hypothec on substantially all of Lion Electric's other movable property and assets (subject to certain exceptions and limitations in regard to excluded assets). However, as part of closing the Innovation Center Sale Transaction, IQ released the above-mentioned immovable hypothecs.

51. As of September 30, 2024, the amounts owing under the IQ Loan Agreement, as amended, amounted to \$27,307,848 in principal.

(iii) Supplier Credit Facility

52. On February 8, 2023, Lion Electric entered into a financing offer with NBC (as insured by Export Development Canada) with respect to a credit facility to finance Lion Electric's accounts payable related to goods or services purchased in the normal course of its operations (as amended on July 25, 2023, May 7, 2024, and as otherwise amended to the date hereof, the "Supplier Credit Facility"). The Supplier Credit Facility financed accounts payable for both Canadian and U.S. manufacturing operations. Each term loan tranche has a financing period of a minimum of 30 days and a maximum of 120 days. Each advance expires on the later of the expiry date of the invoice payable or the date indicated as the expiry date on the term note and accepted

by NBC (but no later than 120 days following the expiry date of the invoice). No advance prepaid in whole or in part. The Supplier Credit Facility is subject to an annual review and may be cancelled by NBC at any time. The Credit Facility bears interest at a floating rate by reference to the SOFR, plus the relevant credit adjustment spread for a comparable period, plus 2.5%. As of November 19, 2024, the outstanding amount under the Supplier Credit Facility was \$7,352,487. On November 19, 2024, Lion Electric failed to make a payment of C\$2,738,583.34 and \$323,142.65 then due under the Supplier Creditor Facility, for which a payment reminder was issued by NBC on November 25, 2024.

(iv) The ESSOR Loan

53. On June 27, 2024, Lion Electric entered into an agreement with IQ providing for an unsecured loan under the ESSOR program in the amount of C\$5,000,000 (\$3,653,102), which loan may, under certain conditions, be drawn up to C\$7,500,000 (\$5,479,652) (the “ESSOR Loan”). The ESSOR Loan has an initial term of 3 years, bears interest at a fixed annual rate of 13% per annum and provides, subject to the terms and conditions therein, for a moratorium of 12 months on the payment of any principal and interest thereunder. As of June 30, 2024, the ESSOR Loan was undrawn. However, on July 2, 2024, Lion Electric drew C\$5,000,000 (\$3.7 million) under the ESSOR Loan. As of September 30, 2024, the amounts owed by Lion Electric under the ESSOR Loan totaled \$3,825,667.

(v) The 2023 Convertible Debentures

54. In connection with the 2023 Debenture Financing, \$74 million was issued by way of private placement to a group of subscribers comprised of IQ, the *Fonds de solidarité des travailleurs du Québec* (F.T.Q.) and *Fondaction* of senior unsecured debentures bearing interest at the rate of 13% per annum, until the maturity date of July 19, 2028 (the “2023 Convertible Debentures”). Proceeds of the 2023 Convertible Debentures were used to finance manufacturing

operations in both Canada and the United States. As of September 30, 2024, the amounts owing by Lion Electric in respect of the 2023 Convertible Debentures amounted to approximately \$85.9 million.

(vi) Other Unsecured Debt

55. The Lion Group has entered into several lease agreements for the rental of premises, rolling stock and equipment. The leases each have an initial term between 1 to 40 years, and some have renewal options. The lease terms are negotiated individually by management in Canada. As of September 30, 2024, the Debtors' indebtedness pursuant to its lease obligations was approximately \$95,407,504 in total, of which \$8,190,021 is current and \$87,217,483 is not yet due. Approximately \$59,710,637 of those obligations relate to the U.S. operations, with \$5,588,423 of that sum being current and \$54,122,214 not yet due.

56. In addition, the Lion Group maintains an insurance policy for the benefit of its D&Os (the "D&O Insurance"). However, the D&O Insurance is set to expire on October 31, 2025, the current amount of coverage provided by the D&O Insurance may ultimately not be sufficient to adequately protect the D&Os from potential liability.

57. As of September 30, 2024, the Lion Groups' indebtedness to its suppliers and other unsecured creditors not already addressed amounts to approximately \$57,905,846.

IV. THE DEBTORS' FINANCIAL DIFFICULTIES

A. Financial Losses

58. Given the nature of its business, the Lion Group requires significant investment and capital to ensure that it can continue to perform the necessary manufacturing, research and development activities required to produce and develop its product line. In past years, in order to fund its operations and ensure that enough cash was available on hand, the Lion Group has had to resort to long-term debt financing and equity investments. However, the Lion Group experienced

a decrease in product deliveries. This decrease is due, in part, to (i) the challenges in processing governmental subsidies and incentives, and (ii) the EV market's volatility, which materially and adversely affected the Lion Group's revenues and cash flows.

59. In recent years, the Lion Group executed its business strategy to include significant investments to quickly grow and scale its business. In so doing, the Lion Group incurred large amounts of debt to bring to market its products and services at a large scale and improve its margins. However, in light of the above-mentioned problems relating to, inter alia, the processing of government subsidies and incentives, the EV market, and the challenges with its rapid growth, the Lion Group never was able to obtain positive cash flows to compensate for the large indebtedness incurred. Furthermore, the expiration of the covenant relief periods and defaults under the Revolving Credit Agreement and the Finalta-CDPQ Loan Agreement added significant financial pressure upon the Lion Group.

60. Given the challenges described above, and its significant debt-load and cash burn rate, the Lion Group has not been profitable as a business. For fiscal year 2023, the Lion Group incurred, on a consolidated basis, a net loss of \$103,766,137 and a comprehensive loss of \$96,819,029, as appears from the Lion Electric's audited financial statements for the fiscal year ended December 31, 2023. As of September 30, 2024, the Lion Group incurred, on a consolidated basis, an operating loss of \$88,043,681, a net loss of \$74,908,660 and a comprehensive loss of \$80,197,264, as appears from the Lion Electric's interim financial statements for the 9-months period ended September 30, 2024. For the 9-months period ended on September 30, 2024, the Lion Group also had, on a consolidated basis, negative cash flows from operating activities of \$31,568,669, as appears from the Lion Electric's interim financial statements for the 9-months period ended September 30, 2024. These operating losses and negative cash flows were mainly

the result of the Lion Group's sales volumes and continued significant operational expenses and, in the case of the fiscal 2023 results, expenditures incurred by the Company to develop its products and grow its business.

61. Consequently, shortly before commencing the Canadian Proceeding, the Lion Group was at a crossroads. In order to carve out a place in the highly competitive EV market, the Lion Group needs a large influx of liquidity and capital investment to sustain its operations and meet market demand by ramping-up its production capacity. However, as a result of the Lion Group's worsening financial situation, its capital-intensive business model, and the current economic landscape in Canada and the US, the Lion Group was (i) unable to raise additional funds via debt or equity financings and (ii) was advised by its senior secured creditors that they were unwilling to provide any additional financing outside of the Canadian Proceeding.

B. Litigation

62. On November 1, 2023, a putative verified class action complaint (the “Delaware Complaint”) was filed in the Delaware Court of Chancery against Lion Electric and the pre-Business Combination directors and officers of Northern Genesis. In March 2024, the Delaware Complaint was amended to include Marc Bedard and Nicolas Brunet, who are the CEO-Founder and former president, respectively, of Lion Electric. The Delaware Complaint alleges, among other things, that the director and officer defendants and Northern Genesis’ sponsor breached their fiduciary duties in connection with the Business Combination, as well as a related claim for unjust enrichment as a result of the challenged Business Combination.

63. On March 22, 2024, a second class action complaint was filed in the Southern District of New York under the United States federal securities laws substantially against the same defendants as the Delaware Complaint, plus Northern Genesis (the “NY Complaint”). The NY

Complaint, as further amended on August 8, 2024, alleges, among other things, misrepresentations in the proxy statement filed in respect of the Business Combination.

64. Both the Delaware Complaint and the NY Complaint seek monetary damages, costs, including attorneys' fees and experts' fees and expenses, and any other relief the court may deem just and proper, which amounts have not yet been established. Certain of the Defendants, which include Lion Electric, Northern Genesis (solely in the NY Complaint), Marc Bedard, and Nicolas Brunet, have filed motions to dismiss in one or both of the actions.

65. On December 9, 2024, a putative class action complaint was filed in the Superior Court of California by Samuel Wright, on behalf of a proposed class of California employees, against Lion Electric USA and other unnamed defendants. The complaint alleges, among other things, that Lion Electric USA violated certain labor codes by failing to pay vested vacation when it furloughed certain California employees earlier this month. It seeks monetary damages, including unpaid wages, damages and attorneys' fees. Lion Electric USA hopes to eventually be in a position to resume the employment of those furloughed employees, but that will be determined by the outcome of the SISP process.

C. Liquidity Measures

66. To address the Lion Group's liquidity issues, throughout 2023 and 2024, the Lion Group undertook a formal strategic review process to explore, review and evaluate a broad range of strategic alternatives focused on ensuring its financial liquidity, including but not limited to, possible debt or equity financing, asset sales, workforce reductions, or other restructuring measures (the "Pre-Filing Strategic Process"). Despite the efforts undertaken as part the Pre-Filing Strategic Process, the Lion Group was unable to find a workable financing solution to remedy its significant liquidity issues and capital needs in a way that would allow it to continue operations in the normal course.

67. Prepetition, the Lion Group reduced its workforce and established other cost-cutting measures to preserve liquidity. These employee reductions occurred as follows:

- i) approximately 150 employees on November 27, 2023;
- ii) approximately 100 employees on February 29, 2024;
- iii) approximately 120 employees on April 18, 2024;
- iv) approximately 350 employees on July 31, 2024; and
- v) approximately 400 employees on December 1, 2024 (on a temporary basis).

The Lion Group may proceed with further reductions of its workforce to reduce its operating expenses during the Canadian Proceeding and the chapter 15 cases.

68. In addition, as part of its liquidity enhancement measures, in the context of the amendments to certain of the Lion Group's debt instruments that were entered into on July 1, 2024 to allow Lion Electric to remain in compliance under the terms of such instruments and thereafter, certain of the Lion Group's creditors agreed, and the Lion Group determined that it was in its best interest and in the best interest of its stakeholders, to defer the interest payments due pursuant to the Revolving Credit Agreement, and a portion of the interest payments due under the Finalta-CDPQ Loan Agreement and the 2023 Non-Convertible Debentures. Accordingly, as part of the amendments to the Revolving Credit Agreement, the Finalta-CDPQ Loan Agreement and the 2023 Non-Convertible Debentures, the Lion Operating Group negotiated the effective deferral of the interest payable thereunder (with the interests deferred under the 2023 Non-Convertible Debentures being deferred to September 30, 2024 only). By deferring such interest payments totaling approximately \$3.6 million, the Lion Group assessed, in consultation with its financial advisors, that it would reduce its interest payment obligations by \$3.6 million from July 1, 2024, to September 30, 2024.

69. The Lion Group also undertook several other measures to improve its liquidity from 2023–2024. In July 2023, the Lion Group closed the 2023 Debenture Financing that resulted in aggregate gross proceeds of approximately \$142 million, which net proceeds the Lion Group used to fund its working capital requirements, strengthen its financial position, and allow it to continue to pursue its growth strategy, including the Lion Group’s business strategy with respect to its capacity expansion projects in Mirabel, Québec. The Lion Group executed the ESSOR Loan with IQ in the amount of \$5 million. The Lion Group also sold the Innovation Center pursuant to the Innovation Center Sale Transaction and suspended manufacturing operations at the Joliet Facility on December 1, 2024. As of the date hereof, however, none of these liquidity measures have absolved the Lion Groups from its liquidity issues.

70. In parallel with the foregoing, the Lion Group also sought to identify opportunities that would allow it to raise financing to continue meeting ongoing obligations and operations in the normal course. In this context, on July 7, 2024, the Lion Group engaged National Bank Financial (“NBF”) as its financial advisor in an effort to pursue, on a confidential basis, a solicitation process (the “NBF Pre-Filing Solicitation Process”) to secure one or more transaction(s) that would strengthen the Lion Group’s financial position.

71. The NBF Pre-Filing Solicitation Process provided for a wide range of potential transactions, including notably (i) a sale or disposition of shares or assets, or any other amalgamation, merger or arrangement, as well as any other recapitalization or restructuring, and (ii) an investment by way of a private placement, whether in one or a series of transactions, of equity, debt, preferred securities or otherwise by a third party, either alone or in combination with others, in Lion Electric. To secure one or more transaction(s), NBF, with the assistance of the Lion Group, conducted the NBF Pre-Filing Solicitation Process in accordance with the following

milestones previously agreed upon, in consultation with the Lion Group's principal secured lenders:

- i) on July 5, 2024, delivery of a signed mandate letter by which NBF was retained to assist Lion Electric with the NBF Pre-Filing Solicitation Process;
- ii) by no later than July 17, 2024, delivery to Lion Group's principal secured lenders of a detailed plan for the NBF Pre-Filing Solicitation Process along with a written confirmation that the NBF Pre-Filing Solicitation Process had been launched;
- iii) delivery of weekly written status reports on the NBF Pre-Filing Solicitation Process to NBF, with the first such report delivered on July 22, 2024, as well as updates following the end of each calendar month regarding any refinancing initiative related to the Revolving Credit Agreement; and
- iv) implementation of the NBF Pre-Filing Solicitation Process shortly after the signing of the above-referenced mandate letter with NBF.

72. During the NBF Pre-Filing Solicitation Process, NBF reached out to 108 interested parties, of which NDAs were signed with 31 interested parties. Despite these efforts, no satisfactory offer was received by the Lion Group as part of the NBF Pre-Filing Solicitation Process.

73. Contemporaneously with the commencement of the Canadian Proceeding, the Lion Group executed a new engagement letter with NBF, which contemplates a revised mandate for NBF to act as Financial Advisor and assist soliciting any and all potential offers in the context of the SISP.

V. THE CANADIAN PROCEEDING

74. On November 15, 2024, Lion Electric formed a special committee comprised of certain directors (the "Special Committee") in order to, among other things, oversee and provide directions in connection with the Canadian Proceeding, including overseeing the conduct of a sale and investment solicitation process (the "SISP") and the evaluation of any proposed transaction

thereunder. The Special Committee's remuneration has been agreed upon and is provided for in the Debtors' cash flow projections filed in the Canadian Proceeding.

75. The Lion Group commenced the Canadian Proceeding on December 17, 2024, to seek the Canadian Court's protection while it continues, with the assistance of NBF and the Monitor and under the supervision of the Canadian Court, to conduct the SISP to maximize value for all creditors.

76. Should protection to the Lion Group be granted in the Canadian Proceeding, the Lion Group may also attempt to further restructure its business from an operational standpoint and implement additional cost-cutting measures, which may be achieved by, *inter alia*, further reducing operating costs through the disclaimer of non-profitable contracts or leases, closure of unprofitable business operations, employee reductions in force and other corporate restructuring. The Lion Group believes that the structure and oversight provided by the Canadian Proceeding and these chapter 15 cases is necessary to implement such short-term measures, in conjunction with managing competing demands by various creditors and facilitating a restructuring process under the supervision of the Canadian Court.

A. The Initial Order and the SISP Order

77. On December 18, 2024, the Canadian Court entered an initial order (the "Initial Order"), a certified copy of which is attached to each of the Debtors' chapter 15 petitions. Among other things, the Initial Order:

- (a) granted a stay of proceedings staying proceeding and remedies taken or that might be taken in respect of the Debtors and their respective Directors and Officers (as defined therein), or any of their property, except as otherwise set forth in the Initial Order or as otherwise permitted by law (the "Stay of Proceedings") until and including January 7, 2025 (subject to the Canadian Court's availability), which covers the 10-day period provided by the CCAA and includes a "deemed extension" provided that no party opposes such deemed extension (the "Stay Period");

- (b) appointed Lion Electric as the Foreign Representative of the Debtors and authorized it to apply for recognition of the Canadian Proceeding under chapter 15 of the Bankruptcy Code;
- (c) appointed Deloitte Restructuring to act as monitor of the Debtors in the Canadian Proceeding (the “Monitor”);
- (d) approved the Interim Facility, which authorized the Debtors to borrow an initial amount of up to \$6,000,000 from the National Bank of Canada, Fédération des Caisses Desjardins du Québec, and Bank of Montreal (in such capacity, the “Interim Lender”), and the Interim Lenders’ Charge (as defined therein) in an initial amount of \$7,200,000;
- (e) granted an Administration Charge (as defined therein) of \$800,000 and a D&O Charge (as defined therein) of \$2,500,000 to cover the potential exposure of the beneficiaries of such charges for the initial Stay Period;
- (f) approved the Key Employee Retention Plan (“KERP”) and established a super-priority charge in the amount of \$1,500,000 (the “KERP Charge”) to secure the Debtors’ obligations thereunder;
- (g) approved the proposed priority ranking of the Administration Charge, the D&O Charge, the Interim Lenders’ Charge, the KERP Charge and the Financial Advisor Charge, as well as certain existing security interests; and
- (h) found and declared that Canada is the “*center of main interest*” for each Debtor and, accordingly, authorized the Debtors to apply, as they may consider necessary or desirable, to any other court, tribunal, regulatory, administrative or other body, wherever located, for orders to recognize and/or assist in carrying out the terms of the Initial Order and any subsequent Orders rendered by the Canadian Court in the context of the Canadian Proceeding, including, without limitation, orders under chapter 15 of the Bankruptcy Code.

78. In addition, the Debtors sought at the initial hearing on December 18, 2024, the entry of an order (the “SISP Order”)¹⁰ that provided for the following relief:

- (a) approved the SISP in accordance with certain procedures (the “SISP Procedures”);
- (b) authorized a team of professionals to conduct and implement the SISP; and

¹⁰ A copy of the SISP Order is attached to the Verified Petition, filed concurrently herewith.

- (c) appointed NBF as financial advisors to the Debtors, and established a super-priority charge in favor of NBF in the amount of \$4,000,000 (the “Financial Advisor Charge”).

79. The SISP is the centerpiece of the Debtors’ efforts to reorganize under the CCAA. The SISP is designed to solicit and obtain the best possible offer for substantially or all of the Debtors’ assets to keep Lion Group as a going concern without overleveraging the balance sheet. The outcome of the Canadian Proceeding hinges on the outcome of a SISP in the Canadian Proceeding.

B. Events Following Entry of the Initial Order

80. Since the commencement of the Canadian Proceeding, the Debtors, in close consultation and with the assistance of the Monitor, have been working in good faith and with due diligence to stabilize their business and operations as part of the Canadian Proceeding. The senior leadership team of the Debtors, including myself, ensured a communication was shared with the Debtors’ employees to inform them of the news.

81. A press release has been published at the direction of the Lion Group to inform its various interested parties of this important development.

C. The Comeback Hearing and Amended and Restated Initial Order

82. The Debtors requested an additional hearing (the “Comeback Hearing”) before the Canadian Court to consider extending the relief granted in the Initial Order and granting additional relief in an amended and restated Initial Order (the “Amended and Restated Initial Order”). The Comeback Hearing is scheduled for January 7, 2025, subject to the Canadian Court’s availability. A copy of the Debtors’ proposed Amended and Restated Initial Order is attached to the Verified

Petition (defined below) as Exhibit C. The Debtors will file a certified copy of the Amended and Restated Initial Order with the Court upon its entry by the Canadian Court.

83. The proposed Amended and Restated Initial Order seeks the following *additional* relief not found in the Initial Order:

- (a) extending the Stay Period until February 14, 2025;
- (b) authorizing an increase in the Interim Facility up to a total amount of \$10,000,000, and a corresponding increase to the Interim Lenders' Charge to a total amount of \$12,000,000;
- (c) increasing the Administration Charge to \$1,300,000; and
- (d) reducing the D&O Charge to \$1,900,000.

VI. THE CHAPTER 15 CASES

84. On the date hereof (the "Petition Date"), the Debtors each filed a chapter 15 petition and the Foreign Representative filed 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* (the "Verified Petition") and a proposed order granting the relief sought in the Verified Petition (the "Recognition Order"), thus initiating these chapter 15 cases.

A. Statements in Support of Recognition of the Canadian Proceeding

85. In the Initial Order, the Canadian Court appointed Lion Electric as the "foreign representative" for the purposes of commencing chapter 15 proceedings under the Bankruptcy Code and authorized the Foreign Representative to apply for foreign recognition and approval of the Canadian Proceeding in the United States pursuant to chapter 15 of the Bankruptcy Code. It is anticipated that the Amended and Restated Initial Order will contain a similar finding. It is my understanding that Lion Electric satisfies the definition of a "foreign representative" as that term is defined in section 101(24) of the Bankruptcy Code.

86. Each of the Debtors holds property in the United States. Lion Group holds 100% of the stock of Lion Holding USA, a Delaware corporation. It is my understanding that under Delaware law, the stock of a Delaware corporation is considered property located in Delaware. Lion Holding USA, Northern Genesis, Lions Electric USA, Lion Finance USA, and Lion Manufacturing USA each satisfy section 109(a) because each is a Delaware corporation and, thus, is domiciled in Delaware. Lion Manufacturing USA operates the Joliet Facility located in Illinois, and therefore has property in the United States. Northern Genesis, Lion Finance USA, Lion Holding USA, and the three Debtors formed in Québec all have property in the United States by way of cash in a bank account held in the United States and through its respective interest in the retainer provided to the Debtors' U.S. counsel, Troutman Pepper Hamilton Sanders, LLP, in the amount of approximately \$18,000.00, which is being held in the firm's bank account at Wells Fargo in Evanston, Illinois. *See id.* (recognizing an interest in a retainer as property that satisfies section 109(a)).

87. The Debtors seek recognition of the Canadian Proceeding in the United States pursuant to sections 1504 and 1515 of the Bankruptcy Code and have filed these chapter 15 cases in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Foreign Representative is seeking recognition of the Canadian Proceeding as a "foreign main proceeding," as such term is defined in section 1502(4) of the Bankruptcy Code, as well as seeking other necessary or appropriate relief in support of the Canadian Proceeding, including certain provisional relief in advance of the final hearing to consider recognition of the Canadian Proceeding as a "foreign main proceeding" (the "Recognition Hearing"). At the Recognition Hearing, the Foreign Representative also is seeking recognition and enforcement, in the Recognition Order, of the Amended and Restated Initial Order and the SISP Order, each as the

same may be entered by the Canadian Court. I have been informed that the Bankruptcy Code provides for recognition of a foreign proceeding as a “foreign main proceeding” if such foreign proceeding is a “foreign proceeding” pending in a country where the debtor has “the center of its main interests.”

88. I have been informed that the Canadian Proceeding is a “foreign proceeding” as they are a collective judicial proceeding authorized and supervised by the Canadian Court under the CCAA and pursuant to the Initial Order. It is my understanding that for these reasons, the Canadian Proceeding qualifies as a “foreign proceeding” as that term is defined in Section 101(23) of the Bankruptcy Code. In compliance with Section 1515(b) of the Bankruptcy Code, a certified copy of the Initial Order, which commenced the Canadian Proceeding, is attached to the Provisional Relief Order as Exhibit 1 and attached to each of the Debtors’ chapter 15 petitions.

89. In addition, I believe that each of the Debtors has its center of main interests (“COMI”) in Québec, Canada as such term is used in section 1502(4) of the Bankruptcy Code. The Debtors have substantially more ties to Canada than to any other country:

- A. the registered, head office and chief place of business of each of Lion Electric, Lion Finance Canada and Lion Vehicles Finance Canada, and the headquarters office for each of the Lion Group entities, is in Saint-Jérôme, Québec, Canada, and each of the Canadian Debtors is organized under the QBCA;
- B. the Debtors operate on a consolidated basis with a unified cash management system. The Debtors operate as one corporate group controlled by Lion Electric, which controls the operations and strategic direction of the Debtors as the ultimate parent company of its subsidiaries;
- C. each of the Debtors’ operational and critical strategic decisions are mainly made in Québec, Canada by the Debtors’ senior management also located in Québec, Canada;
- D. Lion Electric, as the publicly listed entity, receives all proceeds from share capital issuances and loan proceeds, and uses such proceeds to fund the other Debtor entities;

- E. all material and/or long-term contracts and expenses are subject to the approval of Lion Electric's senior management located in Québec, Canada;
- F. most material and/or long-term contracts to which any Lion Group entity is a party, including contracts to which any U.S. subsidiary of Lion Electric is a party, are negotiated by senior management of such entity based in Québec, Canada;
- G. corporate governance and regulatory compliance for each of the Debtors is overseen by Lion Electric's management team located in Québec, Canada;
- H. meetings for directors and officers, other management and senior staff of the Debtors are regularly held at Lion Electric's headquarters located in Saint-Jérôme, Québec, Canada;
- I. key accounting decisions and all plans, budgets and financial projections are subject to the approval of senior management located in Québec, Canada;
- J. planning, budgeting, management of tax, treasury and cash management and preparation of financial projections for the Debtors is done from Québec, Canada;
- K. marketing and business development initiatives are overseen from Lion Electric's marketing team located in Québec, Canada;
- L. key human resources decisions, including decisions pertaining to, *inter alia*, payroll budgets and augmentation or reduction of employee headcount as per the approved budget, are made in Québec, Canada;
- M. the majority of the Debtors' employees are based and work in Québec, Canada, as is the Debtors' senior management;
- N. the majority of the Debtors' most important assets and operations, including manufacturing, sales, engineering, research and development operations, and work in process and parts inventory (including certain inventory owned by Lion Manufacturing USA) are located in Québec, Canada;
- O. the books and records of Lion Electric and each of its direct and indirect subsidiaries are located and maintained at the Lion Group's headquarters offices in Saint-Jérôme, Québec;
- P. Québec is the readily ascertainable jurisdiction by the Debtors' creditors, considering, among other things, that Lion Electric is the sole borrowing entity pursuant to the secured loans it has entered into, and a substantial amount of claims, both secured and unsecured, are owed to Canadian creditors (including loans for which the U.S.-based Debtors are guarantors);

- Q. the Debtors formed in the United States have employees dispersed throughout several regions in the United States, including California and Illinois, but the management decisions come from headquarters in Québec, Canada;
- R. the majority of directors and officers for each Debtor formed in the United States are Canadian, and leadership often negotiates business for these Debtors at headquarters in Québec, Canada;
- S. Lion Electric holds and maintains certain inventory purchased by Lion Manufacturing USA at headquarters located in Québec, Canada, for the purposes of designing and manufacturing certain EVs for the U.S. market;
- T. while Lion Electric USA is responsible for EV sales in the U.S., the majority of vehicles were manufactured in Canada or contain major components, such as batteries, that were manufactured in Canada. As stated herein, in the past three years, approximately 199 EVs were manufactured in the United States and sold in the United States whereas approximately 276 EVs were manufactured in Canada and sold in the United States;
- U. financing and other support services for the Debtors' activities, including with respect to any activities in the United States, are largely provided by Lion Electric; and
- V. certain of the Debtors' key suppliers with whom the Debtors have contracts are in Canada. The primary secured creditors for the Debtors' operations are based in Canada.

90. Further, I understand that, as noted above, the Canadian Court has found and ruled in the Initial Order that the COMI of each of the Debtors is in Canada.

91. I also believe recognition of Lion Electric as the Debtors' "foreign representative" and recognition of the Canadian Proceeding as a "foreign main proceeding" are consistent with the purpose of chapter 15 and will allow the Debtors to effectuate a potential restructuring or conduct a court-supervised sales process in the most efficient manner without jeopardizing creditors' rights.

92. Accordingly, the Foreign Representative and the Debtors believe, and respectfully submit, that the recognition of the Canadian Proceeding as a foreign main proceeding commenced under the CCAA is appropriate under the circumstances.

93. If the Court concludes that the COMI of any particular Debtor is not in Canada, which I do not believe is the case, then in the lesser alternative I believe that for any such Debtor the Canadian Proceeding at least should be recognized as a foreign nonmain proceeding, as defined by section 1502(5) of the Bankruptcy Code. The facts as outlined above make clear that each Debtor has an “establishment” in Canada, as that term defined in the Bankruptcy Code, given the Bankruptcy Code’s definition of establishment as “any place of operations where the debtor carries out a non-transitory economic activity.”

B. Statements in Support of Joint Administration and Notice Procedure Motions

94. The Debtors are affiliates of each other and each of their cases were commenced contemporaneously on the Petition Date in the Bankruptcy Court. Accordingly, I believe that joint administration of these chapter 15 cases for procedural purposes only, as well as permitting the filing of consolidated lists of the information required by Bankruptcy Rule 1007(a)(4), will be an administrative convenience for the Bankruptcy Court, the court clerk’s office, and interested parties.

95. Further, I believe that noticing procedures set forth in the contemporaneously filed *Motion for Order (A) Scheduling Hearing on Recognition of Chapter 15 Petitions and (B) Specifying Form and Manner of Service of Notice* (the “Notice Procedures Motion”) are appropriate in light of the number of creditors, potential creditors, and other parties of interest, all of whom need to be provided with, among other things, notice of the entry of the Provisional Relief Order, the proposed Recognition Order, the deadline to object to recognition of the Canadian Proceeding, and the Recognition Hearing. The Foreign Representative has prepared a form of notice advising of these and related matters (the “Recognition Hearing Notice”), a copy of which is annexed to the Notice Procedures Motion. Under the facts and circumstances of the Debtors’ chapter 15 cases, I submit that service of the Recognition Hearing Notice in the manner proposed

in the Notice Procedures Motion will provide those parties identified as the Notice Parties (as defined in the Notice Procedures Motion) in the Notice Procedures Motion with sufficient notice of the relief requested in the Verified Petition and associated objection deadline and hearing dates.

C. Statements in Support of Provisional Relief Motion

96. The Foreign Representative commenced these chapter 15 cases in order to provide the Debtors with the breathing room and stability necessary to effectuate the SISP or effectuate a potential restructuring or, including by seeking certain provisional relief between the Petition Date and the Bankruptcy Court's entry of the proposed Recognition Order. Accordingly, the Foreign Representative filed the *Motion for (I) Ex Parte Temporary Restraining Order, (II) After Notice and a Hearing, Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code, and (III) Related Relief* (the "Provisional Relief Motion") seeking entry of two orders (together, the "Provisional Relief Orders"). The first order seeks an emergency order temporarily (a) making section 365(e) of the Bankruptcy Code applicable to all executory contract and unexpired leases within the territorial jurisdiction of the United States of any of the Debtors ("U.S. Debtor Contracts"), and (b) enjoining any and all acts to (i) seize, attach, possess, execute and/or enforce liens against any U.S. Debtor Property, (ii) terminate any U.S. Debtor Contracts, or (ii) otherwise obtain possession of or exercise control over any property located within the territorial jurisdiction of United States of any of the Debtors in each case pending entry of the second order. The second order seeks to continue the relief granted in the first order and granting (on a provisional basis pending entry of an order by this Court on the Foreign Representative's application for an order granting recognition of the Canadian Proceeding as a foreign main proceeding) certain relief available under section 1519(a) of the Bankruptcy Code, including relief available pursuant to sections 361, 362, 364, and 365(e) of the Bankruptcy Code.

97. The Foreign Representative believes that entry of the Provisional Relief Orders is vital to the success of the Canadian Proceeding, including granting the temporary restraining order on an *ex parte* basis. Indeed, while the Debtors received the protection of “Stay Provisions” and certain other key protections under the Initial Order, the Debtors may be exposed to potentially adverse action in the United States by any creditors or other parties in interest who may disregard the Initial Order or Amended and Restated Initial Order once entered. Of particular concern, as relevant to the temporary restraining order, is that certain of the Debtors are parties to executory contracts and unexpired leases (including the manufacturing facility lease in Joliet), integral to the Debtors’ business, with U.S. entities who may attempt to terminate, declare a default, or otherwise impair the Debtors’ interest in such contracts based on the filing of the Canadian Proceeding or these chapter 15 cases. Some of those important contracts and leases contain default and termination clauses that may be used, absent the relief requested herein, to terminate the contract or lease before the Court even has an opportunity to consider the requested Provisional Orders. The emergency and provisional relief requested by the Debtors is needed to prevent any individual party from harming all creditors by taking actions in the U.S. or with regard to U.S. Property that would be barred by the Initial Order. Entry of the Provisional Relief Orders would extend the protections of the Bankruptcy Code and the Amended and Restated Initial Order such that counterparties in the United States would be subject to the restrictions of sections 362 and 365(e) of the Bankruptcy Code pending the Recognition Hearing.

98. The relief requested by the Foreign Representative is required to prevent individual creditors from acting to frustrate the purpose of the Canadian Proceeding by disregarding the Initial Order or the Amended and Restated Initial Order. Entry of the Provisional Relief Orders will allow

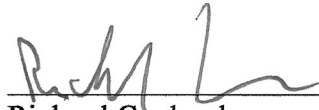
for the fair and efficient administration of the Canadian Proceeding and the maximization of value for all creditors.

99. Given the foregoing I believe sufficient cause exists to grant the Provisional Relief Orders, including with respect to the *ex parte* temporary restraining order under Federal Rule of Civil Procedure 65. I also believe that the emergency and provisional relief requested in the Provisional Relief Motion is necessary and appropriate under the circumstances.

[Signature Page Follows]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 18, 2024

A handwritten signature in dark ink, appearing to read 'Rich Coulombe', is written over a horizontal line.

Richard Coulombe
Chief Financial Officer