

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-40733

Li-Cycle Holdings Corp.

(Exact Name of Registrant as Specified in Its Charter)

Province of Ontario , Canada

(State or other jurisdiction of
incorporation or organization)

Not Applicable

(I.R.S. Employer Identification No.)

207 Queens Quay West , Suite 590 , Toronto , ON , M5J 1A7 , Canada

(Address of principal executive offices, including zip code)

(877) 542-9253

Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(S)	Name of each exchange on which registered
Common shares, without par value	LICY	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 31, 2024, the registrant had 179,082,557 common shares outstanding.

TABLE OF CONTENTS

	<u>Page</u>
Part I. Financial Information	8
Item 1. Unaudited Condensed Consolidated Interim Financial Statements	9
Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations	35
Item 3. Quantitative And Qualitative Disclosures About Market Risk	62
Item 4. Controls And Procedures	63
PART II. Other Information	64
Item 1. Legal Proceedings	64
Item 2. Unregistered Sales Of Equity Securities, Use Of Proceeds, And Issuer Purchases Of Equity Securities	68
Item 3. Defaults Upon Senior Securities	68
Item 4. Mine Safety Disclosures	69
Item 5. Other Information	69
Item 6. Exhibits	70
SIGNATURES	73

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q may be considered “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, Section 21 of the U.S. Securities Exchange Act of 1934, as amended, and applicable Canadian securities laws.

Forward-looking statements may generally be identified by the use of words such as “believe”, “may”, “will”, “continue”, “anticipate”, “intend”, “expect”, “should”, “would”, “could”, “plan”, “potential”, “future”, “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements contain such identifying words. Forward-looking statements in this Quarterly Report on Form 10-Q include but are not limited to statements about: the expectation that Li-Cycle will recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future; the expectation that the steps taken under the Cash Preservation Plan will result in cash savings; Li-Cycle's expectations regarding cash outflows; Li-Cycle's expectations regarding the DOE Loan; Li-Cycle's expectations that it will require significant funding before restarting the Rochester Hub project or that it will be able to restart the Rochester Hub project; Li-Cycle's expectations that it will be stopping or slowing operations at its remaining operating Spokes and re-evaluating its strategy for bringing on additional Spoke and Hub capacity in the near-term; Li-Cycle's expectation to recognize revenue from the sale of critical battery materials; Li-Cycle's expectation regarding other capital expenditures; Li-Cycle's expectation that it will need to secure an alternative short or long-term financing in the near term or else it will not have sufficient cash and cash equivalents on hand or other resources to support current operations for the twelve months following the filing of this Quarterly Report; and expectations related to potential financing and other strategic alternatives. These statements are based on various assumptions, whether or not identified in this Quarterly Report on Form 10-Q, made by Li-Cycle's management, including but not limited to assumptions regarding the timing, scope and cost of Li-Cycle's projects, including paused projects; the processing capacity and production of Li-Cycle's facilities; Li-Cycle's expectations regarding workforce reductions; Li-Cycle's ability to source feedstock and manage supply chain risk; Li-Cycle's ability to increase recycling capacity and efficiency; Li-Cycle's ability to obtain financing on acceptable terms or execute any strategic transactions; Li-Cycle's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners; the success of the Cash Preservation Plan, the outcome of the review of the go-forward strategy of the Rochester Hub, Li-Cycle's ability to attract new suppliers or expand its supply pipeline from existing suppliers; general economic conditions; currency exchange and interest rates; compensation costs; and inflation. There can be no assurance that such assumptions will prove to be correct and, as a result, actual results or events may differ materially from expectations expressed in or implied by the forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Li-Cycle, and which may cause actual results to differ materially from the forward-looking information. The risk factors and cautionary language discussed in this Quarterly Report on Form 10-Q provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in such forward-looking statements, including among other things:

- Li-Cycle's inability to economically and efficiently source, recover and recycle lithium-ion batteries and lithium-ion battery manufacturing scrap, as well as third party black mass, and to meet the market demand for an environmentally sound, closed-loop solution for manufacturing waste and end-of-life lithium-ion batteries;
 - Li-Cycle's inability to successfully implement its global growth strategy, on a timely basis or at all;
 - Li-Cycle's inability to manage future global growth effectively;
 - Li-Cycle's inability to develop the Rochester Hub as anticipated or at all, and other future projects including its Spoke network expansion projects in a timely manner or on budget or that those projects will not meet expectations with respect to their productivity or the specifications of their end products;
 - Li-Cycle's history of losses and expected significant expenses for the foreseeable future as well as additional funds required to meet Li-Cycle's liquidity needs and capital requirements in the future not being available to Li-Cycle on acceptable terms or at all when it needs them;
 - risk and uncertainties related to Li-Cycle's ability to continue as a going concern;
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- uncertainty related to the success of Li-Cycle's Cash Preservation Plan and related past and any further workforce reductions;
- Li-Cycle's inability to attract, train and retain top talent who possess specialized knowledge and technical skills;
- Li-Cycle's failure to oversee and supervise strategic review of all or any of Li-Cycle's operations and capital project and obtain financing and other strategic alternatives;
- Li-Cycle's ability to service its debt and the restrictive nature of the terms of its debt;
- Li-Cycle's potential engagement in strategic transactions, including acquisitions, that could disrupt its business, cause dilution to its shareholders, reduce its financial resources, result in incurrence of debt, or prove not to be successful;
- one or more of Li-Cycle's current or future facilities becoming inoperative, capacity constrained or disrupted, or lacking sufficient feed streams to remain in operation;
- the potential impact of the pause in construction of the Rochester Hub on the authorizations and permits granted to Li-Cycle for the operation of the Rochester Hub and the Spokes on pause;
- the risk that the New York state and municipal authorities determine that the permits granted to Li-Cycle for the production of metal sulphates at the Rochester Hub will be impacted by the change to MHP and the reduction in scope for the project;
- Li-Cycle's failure to materially increase recycling capacity and efficiency;
- Li-Cycle expects to continue to incur significant expenses and may not achieve or sustain profitability;
- problems with the handling of lithium-ion battery cells that result in less usage of lithium-ion batteries or affect Li-Cycle's operations;
- Li-Cycle's inability to maintain and increase feedstock supply commitments as well as secure new customers and off-take agreements;
- a decline in the adoption rate of EVs, or a decline in the support by governments for "green" energy technologies;
- decreases in benchmark prices for the metals contained in Li-Cycle's products;
- changes in the volume or composition of feedstock materials processed at Li-Cycle's facilities;
- the development of an alternative chemical make-up of lithium-ion batteries or battery alternatives;
- Li-Cycle's expected revenues for the Rochester Hub are expected to be derived significantly from a limited number of customers;
- uncertainty regarding the sublease agreement with Pike Conductor Dev 1, LLC related to the construction, financing and leasing of a warehouse and administrative building for the Rochester Hub;
- Li-Cycle's insurance may not cover all liabilities and damages;
- Li-Cycle's heavy reliance on the experience and expertise of its management;
- Li-Cycle's reliance on third-party consultants for its regulatory compliance;
- Li-Cycle's inability to complete its recycling processes as quickly as customers may require;
- Li-Cycle's inability to compete successfully;

- increases in income tax rates, changes in income tax laws or disagreements with tax authorities;
- significant variance in Li-Cycle's operating and financial results from period to period due to fluctuations in its operating costs and other factors;
- fluctuations in foreign currency exchange rates which could result in declines in reported sales and net earnings;
- unfavorable economic conditions, such as consequences of the global COVID-19 pandemic;
- natural disasters, unusually adverse weather, epidemic or pandemic outbreaks, cyber incidents, boycotts and geo-political events;
- failure to protect or enforce Li-Cycle's intellectual property;
- Li-Cycle may be subject to intellectual property rights claims by third parties;
- Li-Cycle may be subject to cybersecurity attacks, including, but not limited to, ransomware;
- Li-Cycle's failure to effectively remediate the material weaknesses in its internal control over financial reporting that it has identified or its failure to develop and maintain a proper and effective internal control over financial reporting;
- the potential for Li-Cycle's directors and officers who hold Company common shares to have interests that may differ from, or be in conflict with, the interests of other shareholders; and
- risks related to adoption of Li-Cycle's shareholder rights plan and amendment to the shareholder rights plan and the volatility of the price of Li-Cycle's common shares.

These and other risks and uncertainties related to Li-Cycle's business and the assumptions on which the forward-looking information is based are described in greater detail in the sections titled "*Part II—Item 1A. Risk Factors*", "*Part I—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Li-Cycle's Performance*" and elsewhere in this Quarterly Report on Form 10-Q. Because of these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Actual results could differ materially from those contained in any forward-looking statements. Li-Cycle assumes no obligation to update or revise any forward-looking statements, except as required by applicable laws. These forward-looking statements should not be relied upon as representing Li-Cycle's assessments as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

FREQUENTLY USED TERMS

As used in this Quarterly Report on Form 10-1Q, unless the context otherwise requires or indicates otherwise, references to “**we**,” “**us**,” “**our**,” “**Li-Cycle**” or the “**Company**” refer to Li-Cycle Holdings Corp., an Ontario corporation, and its consolidated subsidiaries.

In this document:

“**A&R Glencore Convertible Notes**” means the Glencore Unsecured Convertible Notes, as amended and restated on March 25, 2024 in connection with the closing of the issuance of the Glencore Senior Secured Convertible Note.

“**Alabama Spoke**” means Li-Cycle’s Spoke near Tuscaloosa, Alabama, which commenced operations on October 13, 2022.

“**Amalgamation**” means the amalgamation of Peridot Ontario and NewCo in accordance with the terms of the Arrangement.

“**ancillary processing capacity**” means, in relation to Li-Cycle’s Spokes, the capacity to process LIB through dry shredding, powder processing and baling.

“**Annual Report on Form 10-K**” means the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 15, 2024, as amended by the Form 10-K/A filed with the SEC on April 29, 2024.

“**Arizona Spoke**” means Li-Cycle’s Spoke in Gilbert, Arizona, which commenced operations on May 17, 2022.

“**Arrangement**” means the plan of arrangement (including the Business Combination) in substantially the form attached as Annex C to the proxy statement/prospectus forming a part of the registration statement on Form F-4, filed by the Company with the SEC on July 6, 2021.

“**black mass**” means a powder-like substance which contains a number of valuable metals, including nickel, cobalt and lithium.

“**Black Mass & Equivalents**” or “**BM&E**” means black mass and products analogous to black mass that have a similar metal content.

“**Business Combination**” means the transactions contemplated by the Business Combination Agreement.

“**Business Combination Agreement**” means the Business Combination Agreement, dated as of February 15, 2021, as amended, by and among Peridot, Li-Cycle Corp. and NewCo.

“**Cash Preservation Plan**” means the cash preservation plan initiated on November 1, 2023, which included reducing staffing in its corporate support functions, pausing production at its Ontario Spoke and implementing a plan to manage lower levels of Black Mass & Equivalents production and otherwise slow down operations at its remaining operating Spoke locations in order to reduce expenses and slow cash outflows as well as reviewing existing plans for bringing on additional Spoke capacity and taking other steps to preserve the Company’s available cash while pursuing funding alternatives for the Company and continuing to review the go-forward strategy for the Rochester Hub project.

“**Closing Date**” means the closing date of the Business Combination.

“**common shares**” means the common shares of the Company, without par value.

“**Consolidated Financial Statements**” means the unaudited condensed consolidated interim financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

“**Continuance**” means the continuance of Peridot from the Cayman Islands under the Companies Act to the Province of Ontario, Canada as a corporation existing under the OBCA.

“**DFS**” means definitive feasibility study.

“**EV**” means electric vehicles.

“**Germany Spoke**” means Li-Cycle’s Spoke in Magdeburg, Germany, which commenced operations on August 1, 2023.

“**Glencore**” means Glencore plc and its subsidiaries.

“**Glencore Convertible Notes**” means the A&R Glencore Convertible Notes and Glencore Senior Secured Convertible Note together with any PIK Notes issued in satisfaction of interest due and payable thereon.

“**Glencore Note Purchase Agreement**” means the note purchase agreement, dated as of May 5, 2022, between the Company and Glencore Ltd.

“**Glencore Senior Secured Convertible Note**” means the senior secured convertible note in an aggregate principal amount of \$75.0 million issued to an affiliate of Glencore plc on March 25, 2024 pursuant to the Glencore Senior Secured Convertible Note Purchase Agreement, as such note may be amended from time to time.

“**Glencore Senior Secured Convertible Note Purchase Agreement**” means the agreement dated March 11, 2024 and amended and restated on March 25, 2024, by and between the Company, an affiliate of Glencore plc and the other parties named therein for the issuance of the Glencore Senior Secured Convertible Note.

“**Glencore Unsecured Convertible Note**” means the unsecured convertible note in the principal amount of \$200.0 million due May 31, 2027 issued to Glencore Ltd. pursuant to the Glencore Note Purchase Agreement on May 31, 2022, as such note may be amended from time to time.

“**Glencore Unsecured Convertible Notes**” means the Glencore Unsecured Convertible Note together with any PIK Notes issued in satisfaction of interest due and payable thereon.

“**Glencore Warrants**” means warrants to be issued by Li-Cycle to the holder of a Glencore Convertible Note in connection with an optional redemption of such Glencore Convertible Note that entitle the holder to acquire, until the maturity date of such Glencore Convertible Note, a number of common shares equal to the principal amount of the Glencore Convertible Note being redeemed divided by the then applicable conversion price.

“**Hub**” means a centralized facility for large-scale production of specialty materials that achieves economies of scale in recycling.

“**IP**” means intellectual property.

“**KSP Convertible Note**” means the unsecured convertible note in the principal amount of \$100.0 million due September 29, 2026 originally issued to Spring Creek Capital, LLC (an affiliate of Koch Strategic Platforms, LLC, being a company within the Koch Investments Group) pursuant to the KSP Note Purchase Agreement on September 29, 2021 and subsequently assigned on May 1, 2022, to one of its affiliates, Wood River Capital, LLC, and amended on May 5, 2022, February 13, 2023 and March 25, 2024, as such note may be further amended from time to time.

“**KSP Convertible Notes**” means the KSP Convertible Note together with any PIK Notes issued in satisfaction of interest due and payable thereon.

“**KSP Note Purchase Agreement**” means the Note Purchase Agreement, dated as of September 29, 2021, between the Company and Spring Creek Capital, LLC, and assigned on May 1, 2022, to Wood River Capital, LLC.

“**LGC**” means LG Chem, Ltd.

“**LGES**” means LG Energy Solution, Ltd.

“**LIB**” means lithium-ion batteries, including lithium-ion battery manufacturing scrap and end-of-life lithium-ion batteries.

“**LIBOR**” means the London Inter-Bank Offered Rate.

“Li-Cycle Holders” means the prior shareholders of Li-Cycle Corp. that entered into the Li-Cycle Transaction Support Agreements in connection with the Business Combination.

“Li-Cycle Shares” means the issued and outstanding common shares of Li-Cycle Corp. prior to the Business Combination.

“Li-Cycle Transaction Support Agreements” means the Transaction Support Agreements, each dated as of February 15, 2021, among Peridot and the Li-Cycle Holders, entered into in connection with the Business Combination Agreement.

“LME” means the London Metal Exchange.

“Long-Term Incentive Plan” means the Company's 2021 Incentive Award Plan.

“main line processing capacity” means, in relation to Li-Cycle's Spokes, the capacity to process LIB using Li-Cycle's patented submerged shredding process or “wet shredding” designed specifically for battery materials that contain electrolyte and have risk of thermal runaway.

“MHP” means mixed hydroxide precipitate, containing nickel, cobalt and manganese.

“MHP scope” means a scope for the Rochester Hub project that focuses only on those process areas needed to produce lithium carbonate and MHP.

“Moelis” means Moelis & Company LLC.

“NewCo” means Li-Cycle Holdings Corp. prior to the Amalgamation.

“New Ontario Spoke” means the planned, expanded Spoke and warehouse facility, the development of which has been postponed indefinitely.

“New York Spoke” means Li-Cycle's operational Spoke in Rochester, New York, which commenced operations in late 2020.

“Norway Spoke” means Li-Cycle's planned Spoke in Moss, Norway, the development of which is currently paused.

“NYSE” means the New York Stock Exchange.

“OBCA” means the Ontario Business Corporations Act.

“OEM” means an original equipment manufacturer.

“Ontario Spoke” means Li-Cycle's Spoke in Kingston, Ontario, the operations of which are currently paused.

“Peridot” means, before the Continuance, Peridot Acquisition Corp., a Cayman Islands exempt company and, after the Continuance, Peridot Ontario.

“Peridot Ontario” means Peridot as continued under the OBCA following the Continuance.

“PIK Notes” means the additional unsecured convertible notes that may be issued by Li-Cycle from time to time in satisfaction of the interest due and payable on the KSP Convertible Notes, the A&R Glencore Convertible Notes or the Glencore Senior Secured Convertible Note, as the case may be, as such notes may be amended from time to time.

“Planned Portovesme Hub” means the planned joint development project with Glencore to produce critical battery materials at a Hub facility in Portovesme, Italy, the definitive feasibility study for which is currently paused.

“Rochester Hub” means Li-Cycle's planned, first commercial-scale Hub, under development in Rochester, New York, the construction of which is currently paused.

“SEC” means the U.S. Securities and Exchange Commission.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**SOFR**” means the Secured Overnight Financing Rate.

“**Special Committee**” means the Special Committee comprised of independent directors that was established in connection with the comprehensive review of the go-forward strategy of the Rochester Hub project. See “*Part I—Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Liquidity Developments.*”

“**Spoke**” means a decentralized facility that mechanically processes batteries close to sources of supply and handles the preliminary processing of end-of-life batteries and battery manufacturing scrap.

“**Sponsor**” means Peridot Acquisition Sponsor, LLC, a Delaware limited liability company.

“**Traxys**” means Traxys North America LLC.

References to “**dollar**,” “**USD**,” “**US\$**” and “**\$**” are to U.S. dollars and references to “**CAS**” and “**Cdn. \$**” are to Canadian dollars.

This Quarterly Report on Form 10-Q includes certain trademarks, service marks and trade names that we own or otherwise have the right to use, such as “Li-Cycle” and “Spoke & Hub Technologies” which are protected under applicable intellectual property laws and are our property. We have, or are in the process of obtaining, the exclusive right to use such trademarks, service marks and trade names in the countries in which we operate or may operate in the future. This Quarterly Report on Form 10-Q also contains additional trademarks, tradenames, and service marks belonging to other parties, which are the property of their respective owners. Solely for convenience, our trademarks, service marks and trade names referred to in this Quarterly Report on Form 10-Q may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, service marks and trade names. We do not intend our use or display of other parties’ trademarks, tradenames, or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Index to Unaudited Condensed Consolidated Interim Financial Statements

Unaudited condensed consolidated interim statements of operations and comprehensive loss

Unaudited condensed consolidated interim balance sheets

Unaudited condensed consolidated interim statements of equity

Unaudited condensed consolidated interim statements of cash flows

Notes to the unaudited condensed consolidated interim financial statements

Li-Cycle Holdings Corp.**Unaudited condensed consolidated interim statements of operations and comprehensive loss**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
Revenue				
Product revenue	\$	1.9	\$	3.1
Recycling service revenue		2.3		0.5
Total revenue		4.2		3.6
Cost of sales				
Cost of sales - Product revenue		(15.9)		(19.1)
Cost of sales - Recycling service revenue		(0.9)		—
Total cost of sales		(16.8)		(19.1)
Selling, general and administrative expense		(31.7)		(22.7)
Research and development		0.1		(0.9)
Loss from operations	\$	(44.2)	\$	(39.1)
Other income (expense)				
Interest income		0.6		5.0
Interest expense		(11.5)		(1.1)
Foreign exchange gain (loss)		1.1		(0.5)
Fair value loss on financial instruments		(23.8)		(0.7)
Debt extinguishment loss (Note 14)		(58.9)		—
	\$	(92.5)	\$	2.7
Net loss before taxes	\$	(136.7)	\$	(36.4)
Income tax		—		(0.1)
Net loss and comprehensive loss	\$	(136.7)	\$	(36.5)
Loss per common share - basic and diluted	\$	(0.76)	\$	(0.21)

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

Table of Contents

Unaudited condensed consolidated interim balance sheets

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 109.1	\$ 70.6
Restricted cash	9.6	9.7
Accounts receivable, net	2.9	1.0
Other receivables	1.6	1.9
Prepayments, deposits and other current assets	55.3	56.2
Inventories, net	8.5	9.6
Total current assets	187.0	149.0
Non-current assets		
Property, plant and equipment, net	665.0	668.8
Operating lease right-of-use assets	70.5	56.4
Finance lease right-of-use assets	2.2	2.2
Other assets	7.6	9.6
	745.3	737.0
Total assets	\$ 932.3	\$ 886.0
Liabilities		
Current liabilities		
Accounts payable	\$ 118.6	\$ 134.5
Accrued liabilities	31.8	17.6
Deferred revenue	2.4	0.2
Operating lease liabilities	8.5	4.4
Total current liabilities	161.3	156.7
Non-current liabilities		
Accounts payable	6.6	—
Deferred revenue	5.2	5.3
Operating lease liabilities	65.3	56.2
Finance lease liabilities	2.2	2.3
Convertible debt	447.7	288.1
Asset retirement obligations	1.0	1.0
	528.0	352.9
Total liabilities	\$ 689.3	\$ 509.6
Commitments and Contingencies (Note 17)		
Equity		
Common stock and additional paid-in capital		
Authorized unlimited shares, Issued and outstanding - 179.1 million shares at March 31, 2024 (178.2 million shares at December 31, 2023)	651.6	648.3
Additional paid-in capital		
Accumulated deficit	(408.3)	(271.6)
Accumulated other comprehensive loss	(0.3)	(0.3)
Total equity	243.0	376.4
Total liabilities and equity	\$ 932.3	\$ 886.0

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

Li-Cycle Holdings Corp.**Unaudited condensed consolidated interim statements of equity**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

	Number of common shares	Common stock and additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Equity attributable to the shareholders of Li- Cycle Holdings Corp.	Non- controlling interest	Total
Balance, December 31, 2022	176.1	635.3	(133.6)	(0.3)	501.4	0.2	501.6
Settlement of RSUs	0.4	—	—	—	—	—	—
Stock-based compensation - RSUs	—	2.7	—	—	2.7	—	2.7
Stock-based compensation - options	—	0.7	—	—	0.7	—	0.7
Net loss and comprehensive loss	—	—	(36.5)	—	(36.5)	—	(36.5)
Balance, March 31, 2023	176.5	638.7	(170.1)	(0.3)	468.3	0.2	468.5
Balance, December 31, 2023	178.2	648.3	(271.6)	(0.3)	376.4	—	376.4
Settlement of RSUs	0.9	—	—	—	—	—	—
Stock-based compensation - RSUs	—	2.7	—	—	2.7	—	2.7
Stock-based compensation - options	—	0.6	—	—	0.6	—	0.6
Net loss and comprehensive loss	—	—	(136.7)	—	(136.7)	—	(136.7)
Balance, March 31, 2024	179.1 \$	651.6 \$	(408.3) \$	(0.3) \$	243.0 \$	— \$	243.0

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

Li-Cycle Holdings Corp.**Unaudited condensed consolidated interim statements of cash flows**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
Operating activities				
Net loss for the period	\$	(136.7)	\$	(36.5)
Adjustments to reconcile net loss to net cash used in operating activities:				
Share-based compensation		3.2		3.2
Depreciation and amortization		4.2		1.9
Foreign exchange (gain) loss on translation		(1.3)		0.2
Fair value loss on financial instruments		23.8		0.7
Bad debt expense		—		1.0
Inventory write downs to net realizable value		1.8		2.1
Loss on write off of fixed assets		0.1		—
Interest and accretion on convertible debt		11.5		1.1
Debt extinguishment loss (Note 14)		58.9		—
Non-cash lease expense		(1.1)		(0.1)
		(35.6)		(26.4)
Changes in working capital items:				
Accounts receivable		(1.9)		(0.4)
Other receivables		0.3		4.4
Prepayments and deposits		2.1		(3.3)
Inventories		(0.4)		0.5
Deferred revenue		2.1		—
Accounts payable and accrued liabilities		4.3		2.8
Net cash used in operating activities	\$	(29.1)	\$	(22.4)
Investing activities				
Purchases of property, plant, equipment, and other assets		(6.2)		(86.3)
Net cash used in investing activities	\$	(6.2)	\$	(86.3)
Financing activities				
Proceeds from convertible debt		75.0		—
Payments of transaction costs		(1.3)		—
Net cash provided by financing activities	\$	73.7	\$	—
Net change in cash, cash equivalents and restricted cash		38.4		(108.7)
Cash, cash equivalents and restricted cash, beginning of period		80.3		517.9
Cash, cash equivalents and restricted cash, end of period	\$	118.7	\$	409.2
Supplemental non-cash investing activities:				
Purchases of property and equipment included in liabilities	\$	16.7	\$	25.4
Decreases of property and equipment and liabilities for credits from suppliers	\$	24.4	\$	—
Supplemental information:				
Interest paid	\$	—	\$	(0.1)

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

Li-Cycle Holdings Corp.

Notes to the unaudited condensed consolidated interim financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

1. Corporate information

i. Nature of operations

Li-Cycle's core business model is to build, own and operate recycling plants tailored to regional needs. Li-Cycle's Spoke & Hub Technologies™ provide an environmentally-friendly resource recovery solution that addresses the growing global lithium-ion battery recycling challenges supporting the global transition toward electrification.

Li-Cycle Holdings Corp. and its subsidiaries, (collectively "**Li-Cycle**" or the "**Company**") started their business as Li-Cycle Corp., which was incorporated in Ontario, Canada under the *Business Corporations Act* (Ontario) ("**OBCA**") on November 18, 2016. The Company's registered address is 207 Queens Quay West - Suite 590, Toronto, Ontario, Canada.

On August 10, 2021, in accordance with the plan of arrangement to reorganize Li-Cycle Corp., the Company finalized a business combination (the "**Business Combination**") with Peridot Acquisition Corp., and the combined company was renamed Li-Cycle Holdings Corp. On closing, the common shares of Li-Cycle Holdings Corp. were listed on the New York Stock Exchange and commenced trading under the symbol "NYSE:LICY".

ii. Going concern

The going concern basis of accounting assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the unaudited condensed consolidated interim financial statements are issued. Based on its recurring losses from operations since inception, which included losses from operations of \$ 44.2 million for the quarter ended March 31, 2024 (\$ 39.1 million for the quarter ended March 31, 2023), net cash used in operating activities of \$ 29.1 million during the three months ended March 31, 2024 (\$ 22.4 million for the quarter ended March 31, 2023), and the pause on construction of the Rochester Hub project (as described below), the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that these unaudited condensed consolidated interim financial statements were issued.

To date, the Company has financed its operations primarily through proceeds received in connection with: (i) the Business Combination; (ii) the concurrent \$ 315.5 million private placement of common shares; and (iii) private placements of other Company securities (including convertible notes and common shares).

On October 23, 2023, the Company announced that it was pausing construction work on its Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The pause in construction was due to escalating costs and the expectation that, aggregate costs to complete the existing scope of the project would exceed the previously disclosed budget of \$ 560.0 million. Prior to the construction pause, stages of commissioning of the Rochester Hub project had been expected to commence in late 2023.

On March 11, 2024, the Company entered into an agreement (the "**Glencore Senior Secured Convertible Note Purchase Agreement**") to issue a senior secured convertible note in an aggregate principal amount of \$ 75.0 million to an affiliate of Glencore plc (the "**Glencore Senior Secured Convertible Note**"). This transaction closed on March 25, 2024. In addition to the Glencore Senior Secured Convertible Note investment, the Company is actively exploring external financing options but there can be no assurance that the Company will be able to secure additional funding, under reasonable commercial terms or at all. Furthermore, any additional financing, including the Glencore Senior Secured Convertible Note investment, may be insufficient to provide sufficient liquidity for ongoing operations, to fund the Company's future growth or capital projects, including the Rochester Hub, or otherwise satisfy any of the Company's funding needs and obligations, and additional financing may have restrictive covenants that significantly limit the Company's operating and financial flexibility or its ability to obtain future financing.

In addition, there are inherent risks associated with the ability of the Company to execute its growth strategy and there can be no assurance that the Company will develop the manufacturing capabilities and processes, secure reliable sources of component supply to meet quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business.

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

These factors, in addition to the continued rise in inflation, commodity and labor prices and other challenging macroeconomic conditions, have led the Company to implement mitigating initiatives available to it to strengthen its financial position, enhance liquidity and preserve cash flow, depending on how these uncertain circumstances unfold, including:

- On October 23, 2023, Li-Cycle announced that it had paused construction work on its Rochester Hub, pending completion of a comprehensive review of the go-forward strategy for the project.
- In connection with the comprehensive review of the go-forward strategy of the Rochester Hub project, the Board of Directors (the **Board**) established a Special Committee comprised of independent directors (the **Special Committee**) to, among other things, (1) oversee and supervise a strategic review of all or any of the Company's operations and capital projects including its sales, general and administration functions, and (2) consider financing and other strategic alternatives.
- The Special Committee selected Moelis & Company LLC (**Moelis**) and other advisors to assist with exploring financing options to increase the liquidity of Li-Cycle and strategic alternatives, and to assist the Company with managing short-term liquidity and implementing liquidity generating initiatives.
- On November 1, 2023, the Company initiated the implementation of a cash preservation plan (the **Cash Preservation Plan**) including reducing staffing in its corporate support functions, pausing production at its Ontario Spoke and implementing a plan to manage lower levels of BM&E production and otherwise slow down operations at its remaining operating Spoke locations. On March 25, 2024, the Board approved plans to reduce approximately 17 % of the Company's workforce, primarily at the corporate level, as part of the Company's ongoing efforts to right size and right shape its organization as part of the Cash Preservation Plan. The Cash Preservation Plan also involves reviewing existing plans for bringing on additional Spoke capacity and taking other steps to preserve the Company's available cash while pursuing funding alternatives for the Company and continuing to review the go-forward strategy for the Rochester Hub project.
- In addition, the Company is also pursuing additional funding alternatives, including working closely with the United States Department of Energy (**DOE**) towards obtaining financing for the Rochester Hub. As noted above, there can be no assurance that the Company will be able to secure additional funding, under reasonable commercial terms or at all.

These factors represent material uncertainties that cast substantial doubt as to the Company's ability to continue as a going concern. These unaudited consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these unaudited condensed consolidated interim financial statements, adjustments may be necessary to the carrying value of assets and liabilities or reported expenses, and these adjustments could be material.

2. Summary of significant accounting policies*Basis of presentation*

The accompanying unaudited condensed consolidated interim financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("**U.S. GAAP**") for interim financial reporting and applicable quarterly reporting regulations of the Securities and Exchange Commission (the "**SEC**") and are presented in U.S. Dollars.

Unaudited Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements of the Company, including the condensed consolidated interim balance sheet as of March 31, 2024, the unaudited condensed consolidated interim statements of operations and comprehensive loss, condensed consolidated interim statement of equity and condensed consolidated interim statement of cash flows for the three months ended March 31, 2024 and 2023, as well as other information disclosed in the accompanying notes, are unaudited. The consolidated balance sheet as of December 31, 2023 was derived from the audited consolidated financial statements as of that date contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 15, 2024, as amended by the Form 10-K/A filed with the SEC on April 29, 2024 ("**Annual Report on Form 10-K**"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes in the Company's Annual Report on Form 10-K.

The Company's significant accounting policies are disclosed in our Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of its financial position as of March 31, 2024, and the results of operations for the three months ended March 31, 2024, and

Li-Cycle Holdings Corp.

Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

2023, and cash flows for the three months ended March 31, 2024, and 2023, have been included. The unaudited condensed consolidated interim statements of operations and comprehensive loss for any interim period are not necessarily indicative of the results to be expected for the full year or for any other future years or interim periods.

Basis of consolidation

The Company consolidates all entities that it controls through a majority voting interest and all variable interest entities ("**VIE**") for which it is the primary beneficiary. As at March 31, 2024, and comparative reporting periods, the Company does not hold any interest in companies that qualify as VIE. The Company has controlling financial interest in various voting interest entities ("**VOE**") through its ownership of majority voting interests in the entities.

Intercompany accounts and transactions have been eliminated on consolidation.

Non-controlling interest is defined as equity in a subsidiary not attributable, directly or indirectly, to a parent where a parent controls one or more entities.

Changes in the Company's ownership interest in a subsidiary that do not result in the loss of control of the subsidiary are accounted for as equity transactions.

Non-controlling interest is subsequently measured through the unaudited condensed consolidated interim statements of operations and comprehensive loss and will be attributed based on ownership interest and distributions/dividends to the non-controlling interest.

Reclassification

The Company reclassified certain amounts in the condensed consolidated interim financial statements to conform to the current period's presentation.

Use of estimates

The preparation of condensed consolidated interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, which are evaluated on an ongoing basis, that affect the amounts reported in the Company's condensed consolidated interim financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable at the time under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and disclosure, if any, of contingent assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from those estimates and judgments.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant accounting estimates include:

- i. the determination of net realizable value of inventory;
- ii. the determination of the useful life of property, plant and equipment;
- iii. the determination of the useful life of intangible assets;
- iv. the valuation and measurement of the convertible debt and the related conversion and redemption features;
- v. the valuation and measurement of warrant liabilities;
- vi. the determination of the undiscounted future cash flows and recoverability of the long-lived assets including cost to complete assets under construction and timing of the completion;
- vii. the determination of the incremental borrowing rate and lease term for operating lease and finance lease right-of-use assets ("**ROU assets**") and operating lease and finance lease liabilities; and
- viii. the determination of the transaction price used for revenue recognition.

Impairment of long-lived assets

The Company reviews long-lived assets such as plant and equipment, intangible assets with finite useful lives and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. These events and circumstances may include significant decreases in the market price of an asset or asset group, significant changes in the extent or manner in which an asset or asset group is being used by the Company or in its physical condition, a significant change in legal factors or in the business climate, a history or forecast of future operating or cash flow losses, significant disposal activity, a significant decline in the Company's share price, a significant decline in revenue or adverse changes in the economic environment.

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

The long-lived asset impairment test requires the Company to identify its asset groups and test impairment of each asset group separately. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results. The Company's determination of its asset groups, its primary asset and its remaining useful life, estimated cash flows, cost to complete the assets under construction and timing of the completion are significant factors in assessing the recoverability of the Company's assets for the purposes of long-lived asset impairment testing.

As of the quarter ended March 31, 2024, the Company had two separate asset groups: its integrated Spoke and future Hub network in North America, and the EMEA Spoke network.

When indicators of impairment exist, long-lived asset impairment is tested using a two-step process. The Company performs a cash flow recoverability test as the first step, which involves comparing the asset group's estimated undiscounted future cash flows to the carrying value of its net assets. If the net undiscounted cash flows of the asset group exceed the carrying value of its net assets, long-lived assets are not considered to be impaired. If the carrying value exceeds the net undiscounted cash flows, there is an indication of potential impairment and the second step of the long-lived asset impairment test is performed to measure the impairment amount. The second step involves determining the fair value of the asset group. Fair values are determined using valuation techniques that are in accordance with U.S. GAAP, including the income approach. If the carrying value of the asset group's net assets exceeds its fair value, then the excess represents the maximum amount of potential impairment that will be allocated to long-lived assets in the asset group, with the limitation that the carrying value of each separable asset cannot be reduced to a value lower than its individual fair value.

Management determined that the pause on the construction work on its Rochester Hub project pending completion of a comprehensive strategic review continues to be an indicator for potential impairment requiring it to perform a recoverability assessment. These actions represent a trigger requiring management to perform a recoverability test in line with Step 1 of the impairment assessment which compares the expected net undiscounted cash flows to be derived from the asset group for the remaining useful life of the asset group's primary asset compared to its carrying value. For the quarter ended March 31, 2024, the Company has not experienced impairment losses on its long-lived assets on the basis that the net undiscounted cash flows for the asset groups exceed their carrying values.

The determination of the future net undiscounted cash flows used in the recoverability test required significant judgment and estimate. The areas with the highest degree of judgment related to the North America asset group and included:

- The determination of the primary asset of the North America asset group being the combination of the ROU asset arising from the ground lease related to the Rochester Hub and the Rochester Hub buildings, due to the fact that they have the longest remaining useful life, the location of the land together with the buildings that are fundamental to the overall future operations of the Rochester Hub site and that the remainder of the equipment for this asset group would have not otherwise been acquired if not for this location and buildings.
- The life of the net undiscounted cash flow model was determined to be approximately 40 years, to address estimation uncertainty relative to the remaining useful life of 49 years for the primary asset and aligning with the renewal options for the ground lease related to the Rochester Hub. The Company considered that it is reasonably certain that it will exercise each renewal option beyond the initial term, up to the maximum of 49 years inclusive of the initial non-cancellable period. To maintain the assets in good working order to generate cash flows over the projected term, sustaining capital expenditures were included based on widely accepted industry guidance from engineering, procurement, construction management firms and institutions such as the Chemical Engineering Plant Cost Index. The total cash flows were reviewed over the 40 years relative to the asset carrying value and it was noted that the carrying value of the asset group could be supported by the cash flows stemming from approximately the first 16 years of the model.
- Significant cash inflows:
 - Financing to complete the construction of the Rochester Hub is assumed to be available to Li-Cycle. The Company is pursuing funding alternatives in the form of bridge financing, project financing, and additional long-term funding alternatives. Two separate models were considered in order to reflect the impact of potential financing in a binary situation. The model which assumed no funding included significantly lower undiscounted net cash flows, which do not exceed the carrying amount of the North America asset group. If over time Li-Cycle does not obtain financing, there could be an impairment. The model which assumed no funding received a remote weighting when determining the amount of undiscounted net cash flows, but nevertheless, was considered for completeness purposes. When sensitized to consider an equal weighting to the receipt of funding and lack thereof, the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

- Revenues are driven by the sale of end products from the Rochester Hub in an MHP only scenario and do not include the construction costs of the process areas required to produce nickel sulphate and cobalt sulphate. The key end product outputs are lithium carbonate and a mixed hydroxide product containing nickel, cobalt, and manganese. End product revenues can be further broken into price and volume.

- The Company was required to estimate the commodity prices of the constituent metals of lithium-ion battery materials over the 40-year period included in the recoverability test. The Company benchmarked the commodity prices based on external industry publications. The most significant metal contributing to the value of net undiscounted cash flows is lithium. Additionally, the Company was required to estimate the percentage of metal payables that the Company would receive on MHP products being sold ("**MHP payables**"), which was benchmarked to historical actual and forecasts from offtake partners. The Company further sensitized for the price of commodities (including nickel, cobalt, and lithium) increasing or decreasing by 15 % of the forecasted prices for the life of the model. Separately, the Company sensitized MHP payables increasing or decreasing by 10 % for the life of the model. Under either sensitized assumption the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- End product volumes are based on the capacities of the Spoke network and Rochester Hub and further impacted by the Company's metal recoveries through the Spoke & Hub processes. When sensitized for the Hub recoveries increasing or decreasing by 5 % the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- Significant cash outflows:

- Rochester Hub forecasted commissioning and operating costs which are primarily driven by the cost of reagents, labor, and utilities were developed through an internal engineering and technical report based on the Association for the Advancement of Cost Engineering to a Class 2 standard. When sensitized such that operating costs were to increase or decrease by 10 % the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- The prices that Li-Cycle pays for battery feedstock for the Spoke network are generally tied to commodity prices for the metals contained in those battery feedstocks or products, notably nickel, cobalt. The Company estimated forecasted commodity prices as discussed above. When sensitized for the price of commodities (including nickel, cobalt, and lithium) increasing or decreasing by 15 % of the forecasted prices, the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- Construction costs to complete the Rochester Hub were developed based on the technical report for an MHP process. While these construction costs are not significant to the overall model, as proven through the sensitivity exercise whereby an increase or decrease of 5 % in either direction does not impact the overall conclusion that the undiscounted net cash flows are higher than the carrying value of the North America asset group, they are significant in determining the funding gap which is assumed to be secured as discussed above.

The Company has performed a sensitivity analysis to identify the impact of changes in its significant assumptions on the results of the recoverability test. As part of the sensitivity analysis, management stress tested the point in which a change in each significant assumption will cause the net undiscounted cash flows to no longer exceed the carrying amount of the asset group and then assessed whether such change is reasonable considering the nature of the assumption. Further details as to the sensitivity considered on the most critical inputs are noted above. It was determined that the recoverability test, including the considered impact of the sensitivities analysis shows that the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

Restricted cash

As of March 31, 2024, the Company had \$ 9.6 million in restricted cash of which \$ 2.9 million is held as security for waste disposal obligations related to the Germany Spoke operations, and \$ 5.5 million is a bank guarantee against a reservation fee for future battery waste recycling services. Additionally, the Company has funds held as cash collateral with its bank as security for credit cards and a performance bond. As the use of these funds is contractually restricted, and the Company does not have the ability to use these funds for general operating purposes, they are classified as restricted cash in the consolidated balance sheets.

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

Recently issued accounting standards

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures (Topic 280)*. The amendments “improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses.” In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable “investors to better understand an entity’s overall performance” and assess “potential future cash flows.” The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is planning to adopt ASU 2023-07 for the fiscal year beginning January 1, 2024 on a fully retrospective basis and is currently evaluating the impact of the adoption on its financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes: Improvements to Income Tax Disclosures (Topic 740)*. Under the ASU, public business entities must annually “(1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate).” The ASU’s amendments are effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2023-09 on its financial statements.

3. Revenue – product sales and recycling services

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Product revenue recognized in the period	\$ 2.3	\$ 7.2
Fair value pricing adjustments	(0.4)	(4.1)
Product revenue	\$ 1.9	\$ 3.1
Recycling service revenue recognized in the period	2.3	0.5
Revenue	\$ 4.2	\$ 3.6

The Company’s principal lines of business are the sale of products (including Black Mass & Equivalents and shredded metal) and lithium-ion battery recycling services which together account for 100% of sales. The principal markets for the Company’s products and recycling services are the United States, Canada and Asia.

Product revenue, and the related trade accounts receivables, are measured at initial recognition using provisional prices for the constituent metals on initial recognition and any unsettled sales are remeasured at the end of each reporting period using the market prices of the constituent metals. Changes in fair value are recognized as an adjustment to product revenue, and the related accounts receivable, and can result in gains and losses when the applicable metal prices increase or decrease from the date of initial recognition.

4. Accounts receivable, net

The Company recognizes current estimated credit losses (“CECL”) for trade receivables not subject to provisional pricing. The CECL for accounts receivable are estimated based on days past due consisting of customers with similar risk characteristics that operate under similar economic environments. The Company determines the CECL based on an evaluation of certain criteria and evidence of collection uncertainty including client industry profile. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately.

The allowance for credit losses as at March 31, 2024 was \$ nil (December 31, 2023 : \$ nil) and no expected credit loss provisions were recognized for the three months ended March 31, 2024.

Bad debt expense for the three months ended March 31, 2024 was \$ nil (for the three months ended March 31, 2023 : \$ 1.0 million).

Accounts receivable are stated at the amount the Company expects to collect. The Company generally does not require collateral or other security in support of accounts receivable. To reduce credit risk, the Company performs ongoing credit evaluations of its customers’ financial condition.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

5. Other receivables

As at	March 31, 2024	December 31, 2023
Sales taxes receivable	\$ 1.4	1.8
Other receivable	0.2	0.1
Total other receivables	\$ 1.6	\$ 1.9

Other receivables consist primarily of interest receivable.

6. Prepayments, deposits and other current assets

As at	March 31, 2024	December 31, 2023
Prepaid equipment deposits	\$ 39.6	\$ 40.1
Prepaid transaction costs	7.7	7.8
Prepaid lease deposits	5.3	5.6
Prepaid insurance	3.5	4.6
Prepaid construction charges	0.9	2.6
Other prepaids	4.2	3.3
Total prepayments, deposits and other current assets	\$ 61.2	\$ 64.0
Non-current security deposits	(5.3)	(5.0)
Non-current insurance	(0.6)	(2.8)
Current prepayments and deposits	\$ 55.3	\$ 56.2

Other prepaids consist principally of other deposits, prepaid subscriptions and financial assurance. Non-current security deposits and non-current insurance are recorded in other assets on the condensed consolidated interim statements of financial position. Prepaid transaction costs primarily consists of prepayments made in connection with the conditional commitment with the U.S. Department of Energy Loan Programs Office for a loan for gross proceeds of up to \$ 375 million.

7. Inventories, net

As at	March 31, 2024	December 31, 2023
Raw materials	\$ 0.4	\$ 0.8
Finished goods	3.4	3.7
Parts and tools	4.7	5.1
Total inventories, net	\$ 8.5	\$ 9.6

The inventory balances for raw materials and finished goods are adjusted to the lower of cost or net realizable value. For the three months ended March 31, 2024, the write down of inventory was \$ 1.8 million (three months ended March 31, 2023: write down of \$ 2.1 million). The adjustments are recorded in cost of sales in the unaudited condensed consolidated interim statements of operations and comprehensive income (loss).

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

8. Property, plant and equipment, net

As at	March 31, 2024	December 31, 2023
Plant equipment	\$ 55.8	\$ 55.3
Computer equipment	4.6	4.5
Vehicles	0.2	0.2
Leasehold improvement	13.6	13.5
Construction in progress - Rochester Hub	549.2	547.2
Construction in progress - Spoke Network	31.1	34.7
Construction in progress - Buildings	28.8	29.5
	\$ 683.3	\$ 684.9
Less – accumulated depreciation	(18.3)	(16.1)
Total property, plant and equipment, net	\$ 665.0	\$ 668.8

For the three months ended March 31, 2024, \$ nil in borrowing costs (for the three months ended March 31, 2023: \$ 7.7 million) were capitalized to assets under construction due to the pause of construction at the Rochester Hub. Depreciation expense for the three months ended March 31, 2024 was \$ 2.2 million compared to \$ 1.9 million in the corresponding period of 2023.

Refer to Note 17 for details of contractual commitments to purchase fixed assets.

9. Leases

The Company's lease portfolio is predominately operating leases for plant operations, storage facilities, and office space for employees. The Company presents operating lease and finance lease balances separately on the consolidated balance sheets. The Company's finance leases relate to plant operations. The Company does not include options to extend leases in the lease term until they are reasonably certain to be exercised. The following table presents the Company's lease balances and their classification on the unaudited condensed consolidated interim statements of operations and comprehensive loss:

	March 31, 2024	March 31, 2023
Finance lease		
Amortization of ROU assets	\$ —	\$ —
Interest on lease liabilities	0.1	—
Total finance lease cost	\$ 0.1	\$ —
Operating lease cost	\$ 2.8	\$ 2.0
Short-term lease cost	—	—
Variable lease cost	0.4	0.4
Total lease cost	\$ 3.3	\$ 2.4

The weighted average remaining lease term of the Company's premises and equipment operating leases is 13.41 years as at March 31, 2024 and 14.48 years as at December 31, 2023. The weighted average remaining lease term of the Company's premises and equipment finance leases is 46.66 years as at March 31, 2024 and 46.78 years as at December 31, 2023.

The weighted average lease discount rate of the Company's premises and equipment operating leases is 7.57 % as at March 31, 2024 and 7.69 % as at December 31, 2023. The weighted average lease discount rate of the Company's premises and equipment finance leases is 9.49 % as at March 31, 2024 and December 31, 2023.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

Supplemental Cash Flow Related Disclosures	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Cash paid for amounts related to lease liabilities:		
Operating cash flows from operating leases	\$ 2.8	\$ 2.5
Operating cash flows from finance leases	0.1	—
Financing cash flows from finance leases	—	—
Recognition of ROU assets and lease liabilities for new operating leases	\$ 15.6	\$ 0.2
Recognition of ROU assets and lease liabilities for new finance leases	—	—

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
March 2025	\$ 9.3	0.2
March 2026	9.5	0.2
March 2027	9.5	0.2
March 2028	8.8	0.2
March 2029	8.6	0.2
Thereafter	60.6	11.6
Total future minimum lease payments	\$ 106.3	\$ 12.6
Imputed interest	(32.5)	(10.4)
Total lease liabilities	\$ 73.8	\$ 2.2

At March 31, 2024, none of the Company's executed leases that had not yet commenced will create significant rights or obligations in the future and sublease transactions are not material. There were no restrictions or covenants imposed by its leases.

10. Other assets

As at	March 31, 2024	December 31, 2023
Non-current security deposits	\$ 5.3	\$ 5.0
Non-current insurance	0.6	2.8
Intangible assets, net	1.7	1.8
Total other assets	\$ 7.6	\$ 9.6

As of March 31, 2024 and December 31, 2023, the Company's intangible assets consisted of the following:

As at	March 31, 2024	December 31, 2023
Internal-use software	\$ 0.7	\$ 0.7
Cloud computing arrangements	1.3	1.3
	\$ 2.0	\$ 2.0
Less - accumulated amortization	(0.3)	(0.2)
Intangible assets, net	\$ 1.7	\$ 1.8

Amortization expense relating to cloud computing arrangements is recorded in selling, general and administrative expenses in the unaudited condensed consolidated interim statements of operations and comprehensive loss for the three months ended March 31, 2024 is \$ 0.1 million (for the three months ended March 31, 2023: \$ nil).

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

11. Related party transactions
Related Party Debt

The Company has convertible debt instruments with affiliates of Glencore plc. (**Glencore**), refer to Note 14 for more information.

Related Party Revenue

The Company has agreements with Glencore, pursuant to which it sells certain products and by-products produced at the Company's Spokes to Glencore. During the three months ended March 31, 2024, the Company recorded a net loss of \$ 0.3 million from sales to Glencore, which is driven by losses from the finalization of provisional assays, which exceeded sales in the period (sales to Glencore were \$ 0.9 million for the three months ended March 31, 2023). Account receivables from Glencore as of March 31, 2024 were \$ 1.3 million (\$ 0.3 million as of December 31, 2023). The receivables balance with Glencore increased in the three months ended March 31, 2024 as a result of recognizing receivables, booked against a decrease in research and development expense, from Glencore as part of a cost sharing arrangement between the parties related to the Portovesme Hub of \$ 1.3 million (\$ nil as of December 31, 2023).

Related Party Expenses

The Company has engaged Fade In Production Pty. Ltd., which is controlled by certain members of the immediate family of the interim non-executive Chair of the Company's Board, to provide it with corporate video production services since 2017. Total expense and accrual were below \$ 0.1 million and \$ nil for three months ended and as of March 31, 2024, respectively.

On May 31, 2022, the Company entered into agreements with Glencore, pursuant to which Glencore earns (i) sourcing fees on feed purchased for the Company's Spokes; and (ii) marketing fees on the sale of Black Mass sold to third parties. Sourcing fees and marketing fees payable to Glencore as of March 31, 2024 were \$ 0.1 million (December 31, 2023: \$ 0.1 million).

12. Accounts payable and accrued liabilities

As at	March 31, 2024	December 31, 2023
Accounts payable	\$ 125.2	\$ 134.5
Accrued expenses	23.8	14.5
Accrued compensation	8.0	3.1
Total accounts payable and accrued liabilities	\$ 157.0	\$ 152.1
Non-current accounts payable	(6.6)	—
Current accounts payable and accrued liabilities	\$ 150.4	\$ 152.1

During the three months ended March 31, 2024, and as part of the Cash Preservation Plan, the Company reached agreements with certain suppliers to extend the payment terms for the amounts invoiced beyond one year . The Company recorded these amounts as non-current accounts payable in the unaudited condensed consolidated interim balance sheet as of March 31, 2024.

On March 25, 2024, the Board approved plans to reduce approximately 17 % of its workforce, primarily at the corporate level, as part of the Company's ongoing efforts to right size and right shape its organization as part of the Cash Preservation Plan.

The workforce reduction provides certain executives and non-executives with contractual termination benefits as well as one-time termination benefits. The Company recorded an expense of \$ 0.4 million in cost of sales and \$ 5.1 million in selling, general and administrative expense in the Unaudited condensed consolidated interim statements of operations and comprehensive loss for the three months ended March 31, 2024 for contractual termination benefits that are considered severance benefits plans as they are both probable and reasonably estimable as of March 31, 2024 under ASC 712 - *Exit or Disposal Cost Obligations*. No amounts were recorded for one-time termination benefits since they had not been accepted by the employees as of March 31, 2024.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

13. Deferred revenue

In the normal course of business, the Company receives advances from customers for the sale of products and the provision of lithium-ion battery recycling services. The table below depicts the activity in the deferred revenue account during the three months ended March 31, 2024 and 2023.

Product revenue

As at	March 31, 2024	December 31, 2023
Balance, beginning of the period	\$ —	\$ —
Additions	2.8	—
Revenue recognized	(0.6)	—
Balance, end of the period	\$ 2.2	\$ —
Current deferred revenue	2.2	—
Non-current deferred revenue	\$ —	\$ —

Service revenue

As at	March 31, 2024	December 31, 2023
Balance, beginning of the period	\$ 5.5	\$ —
Additions	—	5.4
Foreign exchange gain (loss)	(0.1)	0.1
Balance, end of the period (to be recognized over a period of five years)	\$ 5.4	\$ 5.5
Current deferred revenue	0.2	0.2
Non-current deferred revenue	\$ 5.2	\$ 5.3

14. Convertible debt

As at	March 31, 2024	December 31, 2023
KSP Convertible Notes (a)	\$ 103.0	\$ 99.1
Glencore Convertible Notes (b)	344.7	189.0
Total convertible debt at end of the period	\$ 447.7	\$ 288.1

The KSP Convertible Notes and the A&R Glencore Convertible Notes are all unsecured debt instruments and the Glencore Senior Secured Convertible Note is a secured debt instrument. The amount of maturities and sinking fund requirements for convertible debt instruments, with interest components rolled into principal, for each of the next five years are as follows:

March 31, 2025	\$ —
March 31, 2026	—
March 31, 2027	163.4
March 31, 2028	314.5
March 31, 2029	130.9
Total	\$ 608.8

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

(a) KSP Convertible Notes

As at	March 31, 2024		December 31, 2023	
Principal of convertible note at beginning of period	\$	119.3	\$	110.2
Issuance of convertible notes		—		9.1
Principal of convertible notes at end of the period	\$	119.3	\$	119.3
Conversion feature at beginning of period	\$	—	\$	6.0
Fair value (gain) loss on embedded derivative		0.1		(6.0)
Conversion feature at end of period	\$	0.1	\$	—
Debt component at beginning of the period	\$	99.1	\$	85.4
Debt component issued		—		9.1
Accrued interest paid in kind		—		(9.1)
Accrued interest expense		3.8		13.7
Debt component at end of period	\$	102.9	\$	99.1
Total KSP convertible debt at end of period	\$	103.0	\$	99.1

On September 29, 2021, the Company entered into a Note Purchase Agreement (the "**KSP Note Purchase Agreement**") with Spring Creek Capital, LLC (an affiliate of Koch Strategic Platforms, LLC, being a subsidiary of Koch Investments Group) and issued an unsecured convertible note (the "**KSP Convertible Note**") for a principal amount of \$100 million to Spring Creek Capital, LLC. The KSP Convertible Note will mature on September 29, 2026, unless earlier repurchased, redeemed or converted. Interest on the KSP Convertible Note is payable semi-annually, and Li-Cycle is permitted to pay interest on the KSP Convertible Note in cash or by payment in-kind ("**PIK**"), at its election. Initially, interest payments made in cash were based on an interest rate of LIBOR plus 5.0 % per year, and PIK interest payments were based on an interest rate of LIBOR plus 6.0 % per year, with a LIBOR floor of 1 % and a cap of 2 %. Since July 1, 2023, as the LIBOR interest rate is no longer published, under the terms of the KSP Note Purchase Agreement, the interest rate is instead based on the sum of the Secured Overnight Financing Rate ("**SOFR**") and the average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceases to be published, subject to a floor of 1 % and cap of 2 %. On March 25, 2024, the Company amended the KSP Note Purchase Agreement to modify the interest rate terms of the KSP Convertible Note, by removing the SOFR floor of 1 % and cap of 2 % and including penalty interest upon an event of default consistent with the penalty interest provision of the Glencore Senior Secured Convertible Note. The amendment was accounted for as a debt modification in accordance with ASC 470-50 - Debt Modifications or Extinguishments and no gain or loss was recognized. After the amendment, the effective interest rate of the KSP Convertible Note is 18.7 %.

The PIK election results in the issuance of a new note under the same terms as the KSP Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. On May 1, 2022, Spring Creek Capital, LLC assigned the KSP Convertible Note and the PIK note outstanding at that time to an affiliate, Wood River Capital, LLC. The Company has elected to pay interest by PIK since the first interest payment date of December 31, 2021. The KSP Convertible Note and the PIK notes issued thereunder are referred to collectively as the "**KSP Convertible Notes**", and as at March 31, 2024, comprised the following:

Note	Date Issued	Amount Issued	
Initial KSP Note	September 29, 2021	\$	100.0
PIK Note	December 31, 2021		1.8
PIK Note	June 30, 2022		4.1
PIK Note	December 31, 2022		4.3
PIK Note	June 30, 2023		4.4
PIK Note	December 31, 2023		4.7
Total		\$	119.3

At the option of the holder, the KSP Convertible Notes may be converted into common shares of the Company at a conversion price of \$ 13.43 , subject to customary anti-dilutive adjustments. If the Company's share price is equal to or greater than \$ 17.46 , for a period of twenty consecutive days, the Company can force conversion of the KSP Convertible Notes at an amount equal to the sum of principal, accrued but unpaid interest, plus any make-whole amount which equal to the undiscounted interest that would have been payable from the date of conversion to the maturity date. At the Company's option at any time, the Company

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

can also redeem all of the KSP Convertible Notes at any time for a cash purchase price equal to 130 % of the principal plus unpaid interest until maturity. The conversion feature under the KSP Convertible Notes has been recorded as a bifurcated embedded derivative liability since the conversion ratio does not always result in a conversion of a fixed dollar amount of liability for a fixed number of shares due to the optionality of the interest rate utilized on conversion at the Company's option. The KSP Convertible Notes are also subject to redemption upon a change of control event or an event of default. Under an event of default, redemption happens upon occurrence of an event at the holder's discretion. Under a change of control event, mandatory redemption happens upon occurrence of an event. Both the change of control and event of default options under the KSP Convertible Notes have been recorded as bifurcated embedded derivative liabilities as the redemption price triggered by these features represents a substantial premium over the principal amount. The bifurcated embedded derivatives are measured at fair value bundled together as a single compound embedded derivative. As at March 31, 2024, no conversions or redemptions had taken place.

The fair value of the compound embedded derivative upon issuance of the KSP Convertible Notes was determined to be a liability of \$ 27.7 million whereas the remaining \$ 72.3 million, net of transaction costs of \$ 1.6 million, was allocated to the principal portion of the debt. During the three months ended March 31, 2024, the Company recognized a fair value loss of \$ 0.1 million on the embedded derivatives (for the three months ended March 31, 2023: loss of \$ 0.2 million). The embedded derivatives were valued using the Binomial Option Pricing Model. The assumptions used in the model were as follows:

	(Issuance date)		
	September 29, 2021	December 31, 2023	March 31, 2024
Risk free interest rate	1.1 %	4.2 %	4.7 %
Expected life of options	5.0 years	3.8 years	2.5 years
Expected dividend yield	0.0 %	0.0 %	0.0 %
Expected stock price volatility	66 %	63 %	71 %
Share Price	\$ 12.56	\$ 4.76	\$ 1.03

Expected volatility was determined by calculating the average implied volatility of a group of listed entities that are considered similar in nature to the Company.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

(b) Glencore Convertible Notes

As at	March 31, 2024	December 31, 2023
Principal of convertible note at beginning of period	\$ 225.3	\$ 208.1
Issuance of convertible notes	75.0	17.2
Principal of convertible note at end of period	\$ 300.3	\$ 225.3
Conversion feature at beginning of period	\$ 0.4	\$ 16.5
<i>Change in the period:</i>		
Fair value gain for the year ended December 31, 2023	—	(16.1)
Fair value loss on the conversion features embedded in the A&R Glencore Convertible Notes from January 1, 2024 to March 25, 2024	1.8	—
Extinguishment of the conversion feature embedded in the A&R Glencore Convertible Notes as part of the modification	(2.2)	—
Issuance of conversion feature embedded in Glencore Senior Secured Convertible Note	59.0	—
Issuance of the conversion feature embedded in the A&R Glencore Convertible Notes as part of the modification	99.2	—
Fair value loss on the conversion features from March 26, 2024 to March 31, 2024	21.9	—
Conversion feature at end of period	\$ 180.1	\$ 0.4
Debt component at beginning of period	\$ 188.6	\$ 164.9
<i>Change in the period:</i>		
Issuance of debt component	—	17.2
Accrued interest paid in kind	—	(17.2)
Accrued interest expense for the year ended December 31, 2023	—	23.7
Accrued interest and accretion expense from January 1, 2024 to March 25, 2024	5.9	—
Extinguishment of the debt component related to A&R Glencore Convertible Notes as part of the modification	(194.5)	—
Issuance of debt component of the Glencore Senior Secured Convertible Note	48.0	—
Issuance of the debt component of the A&R Glencore Convertible Notes as part of the modification	124.4	—
Transaction costs	(8.4)	—
Accrued interest expense from March 26, 2024 to March 31, 2024	0.6	—
Debt component at end of period	\$ 164.6	\$ 188.6
Total Glencore convertible debt at end of period	\$ 344.7	\$ 189.0
Reconciliation of net change in Convertible debt to Debt extinguishment loss in the three months ended March 31, 2024		
Extinguishment of the conversion feature embedded in the A&R Glencore Convertible Notes as part of the modification	\$ (2.2)	
Issuance of conversion feature embedded in Glencore Senior Secured Convertible Note	59.0	
Issuance of the conversion feature embedded in the A&R Glencore Convertible Notes as part of the modification	99.2	
Total change in the conversion features	156.0	
Extinguishment of the debt component related to A&R Glencore Convertible Notes as part of the modification	(194.5)	
Issuance of debt component of the Glencore Senior Secured Convertible Note	48.0	
Issuance of the debt component of the A&R Glencore Convertible Notes as part of the modification	124.4	
Total change in the debt components	(22.1)	
Total net change in convertible debt in the three months ended March 31, 2024	133.9	
Proceeds from convertible debt	(75.0)	
Debt extinguishment loss	\$ 58.9	

On May 31, 2022, the Company issued an unsecured convertible note (the "Glencore Unsecured Convertible Note") for a principal amount of \$ 200 million to Glencore Ltd., a subsidiary of Glencore plc (LON: GLEN). The Glencore Unsecured Convertible Note will mature on May 31, 2027 unless there is an earlier repurchase, redemption or conversion. Interest on the

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

Glencore Unsecured Convertible Note is payable semi-annually, with Li-Cycle permitted to pay interest on the Glencore Unsecured Convertible Note in cash or by payment in-kind ("PIK"), at its election. Interest payments made in cash are based on an interest rate of the SOFR for a tenor comparable to the relevant interest payment period plus 0.42826 % (the "**Floating Rate**") plus 5 % per annum if interest is paid in cash and plus 6 % per annum if interest is paid in PIK. The Floating Rate has a floor of 1 % and a cap of 2 %. The PIK election results in the issuance of a new note under the same terms as the initial Glencore Unsecured Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. The effective interest rate of the Glencore Unsecured Convertible Note is 13.5 %.

On March 25, 2024, the Company amended, restated and consolidated, the Glencore Unsecured Convertible Note and the PIK notes issued thereunder, such that they were split into two tranches and certain terms of the Glencore Unsecured Convertible Note and the PIK notes issued thereunder were amended, effective from the occurrence of: (a) for the first tranche (the "**First A&R Convertible Note**"), the earliest of the date that is one month after the effectiveness and initial funding, if any, of a project loan financing for the Rochester Hub, and December 31, 2024, and (b) for the second tranche (the "**Second A&R Convertible Note**") and together with the First A&R Convertible Note, the "**A&R Glencore Convertible Notes**"), the earliest of (i) the first commercial production from the Rochester Hub, (ii) construction costs exceeding the construction budget set forth in the project loan financing, and (iii) June 1, 2026 (each such date in the case of the foregoing clauses (a) and (b), an applicable "**Modification Date**"). Upon the occurrence of the applicable Modification Date, the terms of the applicable A&R Convertible Note shall automatically be modified to be consistent with the corresponding provisions of the Glencore Senior Secured Convertible Note (as defined and described below): the maturity will be amended to be five (5) years from the applicable Modification Date, the interest rate will be amended to match the interest rate applicable to the Glencore Senior Secured Convertible Note, mandatory redemption will be required (including, from the applicable Modification Date, the amount equal to a specified percentage of the excess cash flow generated by the Company and its subsidiaries for the applicable fiscal year (less certain deductions and subject to pro rata application to certain other debt of the Company) in a pro rata amount across the A&R Glencore Convertible Notes (to the extent the applicable Modification Date with respect thereto has occurred) and the Glencore Senior Secured Convertible Note), and the Company will provide guarantees and pari passu security for the A&R Glencore Convertible Notes on substantially the same terms with the Glencore Senior Secured Convertible Note. In addition, at each Modification Date, the conversion price for the applicable A&R Glencore Convertible Notes will be adjusted to be the lesser of (x) an amount determined on the basis of a 30-Day VWAP (volume weighted average trading price) having a reference date equal to the applicable Modification Date plus a 25 % premium per share, and (y) \$ 9.95 per share. The amendment was accounted for as a debt extinguishment in accordance with ASC 470-50 - *Debt Modifications or Extinguishments* and the Company recorded \$ 58.9 million as a debt extinguishment loss presented in the unaudited condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2024. After the amendment, the effective interest rate of the A&R Glencore Convertible Notes and Glencore Senior Secured Convertible Note is 20.6 %.

On March 25, 2024, the Company issued a senior secured convertible note (the "**Glencore Senior Secured Convertible Note**") for an aggregate principal amount of \$ 75 million to Glencore Canada Corporation, a subsidiary of Glencore plc (LON: GLEN). The Glencore Senior Secured Convertible Note will mature on March 25, 2029, unless there is an earlier repurchase, redemption or conversion. Interest on the Glencore Senior Secured Convertible Note is payable semi-annually, with Li-Cycle permitted to pay interest on the Glencore Senior Secured Convertible Note in cash or by PIK, at its election. Interest payments made in cash are based on an interest rate of the SOFR for a tenor comparable to the relevant interest payment period plus 5 % per annum if interest is paid in cash or plus 6 % per annum if interest is paid in PIK. In the case that an event of default has occurred and is continuing, the interest rate will be the rate stated above, plus one percent (1 %) per annum (which additional 1 % will be payable in cash). The PIK election results in the capitalization of the interest by adding such interest amounts to the aggregate outstanding principal balance of the Glencore Senior Secured Convertible Note then outstanding on the applicable Interest Date.

All obligations of the Company with respect to the Glencore Senior Secured Convertible Note are guaranteed by Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., and Li-Cycle North America Hub, Inc (the "**Issuance Date Note Guarantors**"), each a subsidiary of the Company. Li-Cycle Europe AG and Li-Cycle Germany GmbH (the "**Post-Closing Guarantors**" and together with the Issuance Date Guarantors, collectively the "**Note Guarantors**"), both subsidiaries of the Company, are required to guaranty all obligations of the Company with respect to the Glencore Senior Secured Convertible Note as Note Guarantors within a certain time period following the issuance of the Glencore Senior Secured Convertible Note. The Company and the Issuance Date Note Guarantors have also granted perfected, first priority security interests (subject to customary exceptions and permitted liens) in all of their respective assets, including intellectual property and a pledge of the equity interests of each other Note Guarantor to secure the obligations of the Company with respect to the Glencore Senior Secured Convertible Note. Within a certain time period following the issuance of the Glencore Senior Secured Convertible Note, the Post-Closing Guarantors are required to grant a perfected, first priority security interest (subject to customary exceptions and permitted liens) in all intra-group receivables owing to them and over all bank accounts held by such entities in their respective jurisdictions of organization and Li-Cycle Europe AG is required to further pledge its equity interests in Li-Cycle Germany GmbH to secure the obligations of the Company with respect to the Glencore Senior Secured Convertible Note.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

The Company has elected to pay interest by PIK since the first interest payment on the Glencore Unsecured Convertible Note on November 30, 2022. The First A&R Glencore Note, the Second A&R Glencore Note and the Glencore Senior Secured Convertible Note are referred to collectively as the “**Glencore Convertible Notes**”, and as at March 31, 2024, comprised the following:

Note	Date Issued	Amount Issued
First A&R Glencore Note	March 25, 2024	\$ 116.6
Second A&R Glencore Note	March 25, 2024	114.6
Glencore Senior Secured Convertible Note	March 25, 2024	75.0
Total		306.2

At the option of the holder, the A&R Glencore Convertible Notes may be converted into common shares of the Company at a conversion price which shall be adjusted to be the lesser of (x) an amount determined on the basis of a 30-Day VWAP (volume weighted average trading price) having a reference date equal to applicable Modification Date plus a 25 % premium, and (y) \$ 9.95 per share (the current conversion price of the A&R Glencore Convertible Notes), subject to customary anti-dilutive adjustments. At the option of the holder, the Glencore Senior Secured Convertible Note may be converted into common shares of the Company at a conversion price of \$ 0.53 per share. The conversion feature under the Glencore Convertible Notes has been recorded as an embedded derivative liability as the conversion ratio does not always result in a conversion of a fixed dollar amount of liability for a fixed number of shares due to the optionality of the interest rate utilized on conversion at the Company's option. The A&R Glencore Convertible Notes are also subject to redemption upon a change of control event or an event of default. Under an event of default, redemption happens upon occurrence of an event at the holder's discretion. Under a change of control event, mandatory redemption happens upon occurrence of an event. The Glencore Senior Secured Convertible Note is subject to redemption at any time by payment of the required redemption payment. Commencing with the delivery of the financial statements for the fiscal year ending December 31, 2026, the Company will be required to redeem a portion of the outstanding principal amount of the Glencore Senior Secured Convertible Note in an amount equal to a specified percentage of the excess cash flow generated by the Company and its subsidiaries for the applicable fiscal year (less certain deductions and subject to pro rata application to certain other debt of the Company). The Company is also required to redeem the Glencore Senior Secured Convertible Note in the event of certain continuing events of default upon request by the holder, certain bankruptcy-related events of default and upon a change of control transaction, unless in each case, the Glencore Senior Secured Convertible Note is first converted by the holder. The change of control, event of default, and mandatory redemption provisions under the Glencore Convertible Notes have been recorded as bifurcated embedded derivative liabilities. The bifurcated embedded derivatives are measured at fair value bundled together as a single compound embedded derivative. As at March 31, 2024, no conversion or redemption had taken place.

In connection with any optional redemption, and with respect to the Glencore Senior Secured Convertible Note and A&R Glencore Convertible Notes, any mandatory redemption and provided that the applicable holder has not elected to convert the Glencore Convertible Notes into common shares, the Company must issue warrants (the “**Glencore Warrants**”) to the applicable holder on the optional redemption date or receipt of notice of redemption, as applicable, that entitle the holder to acquire, until the end of the applicable exercise period, a number of common shares equal to the principal amount of the Glencore Convertible Notes being redeemed divided by the then applicable conversion price. The initial exercise price of the Glencore Warrants will be equal to the conversion price as of the applicable redemption date.

The fair value of the embedded derivative liability upon issuance of the Glencore Convertible Notes was determined to be \$ 46.2 million with the remaining \$ 153.8 million, net of transaction costs of \$ 1.3 million, allocated to the initial amortized cost of the host debt instrument. During the three months ended March 31, 2024, the Company recognized a fair value loss of \$ 21.9 million on the embedded derivatives (three months ended March 31, 2023: loss of \$ 0.5 million). The embedded derivatives were valued using the Finite Difference Method. The assumptions used in the model were as follows:

	(Issuance date)		
	May 31, 2022	December 31, 2023	March 31, 2024
Risk free interest rate	2.9 %	4.2 %	4.1 % to 5.3 %
Expected life of options	5.0 years	4.4 years	5.0 to 7.2 years
Expected dividend yield	0.0 %	0.0 %	0.0 %
Expected stock price volatility	68 %	63 %	71 %
Share Price	\$ 8.15	\$ 4.76	\$ 1.03

Expected volatility was determined by calculating the average implied volatility of a group of listed entities that are considered similar in nature to the Company.

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

15. Common stock and additional paid-in capital

The following details the changes in issued and outstanding common shares for the three months ended March 31, 2024.

(in millions)		Number of shares outstanding	Amount
Common shares and additional paid-in capital outstanding as at December 31, 2023	\$	178.2	\$ 648.3
Settlement of RSUs		0.9	—
Stock-based compensation – RSUs		—	2.7
Stock-based compensation – options		—	0.6
Common shares and additional paid-in capital outstanding as at March 31, 2024	\$	179.1	\$ 651.6

16. Financial instruments and financial risk factors
Fair values

The Company's financial assets and financial liabilities measured at fair value on a recurring basis are as follows:

As at March 31, 2024	Balance	Level 1	Level 2
Accounts receivable (subject to provisional pricing)	\$ 0.6	\$ —	\$ 0.6
Conversion feature of convertible debt (refer to Note 14)	180.2	—	180.2
As at December 31, 2023	Balance	Level 1	Level 2
Accounts receivable (subject to provisional pricing)	\$ 0.6	\$ —	\$ 0.6
Conversion feature of convertible debt (refer to Note 14)	0.4	—	0.4

Refer to Note 4 above for additional details related to measurement of accounts receivable and the concentration of credit risk of accounts receivable.

Market risk

The Company is exposed to commodity price movements for the inventory it holds and produces. Commodity price risk management activities are currently limited to monitoring market prices. The Company's revenues are sensitive to the market prices of the constituent payable metals in its products, notably cobalt and nickel.

The following table sets out the Company's exposure, in relation to the impact of movements in the cobalt and nickel price for the provisionally invoiced sales volume:

As at March 31, 2024	Cobalt	Nickel
Metric tonnes subject to fair value pricing adjustments	1,124.7	1,124.7
10% increase in prices	\$ 0.1	\$ 0.1
10% decrease in prices	\$ (0.1)	\$ (0.1)
As at December 31, 2023	Cobalt	Nickel
Metric tonnes subject to fair value pricing adjustments	2,313.0	2,313.0
10% increase in prices	\$ 0.2	\$ 0.3
10% decrease in prices	\$ (0.2)	\$ (0.3)

Li-Cycle Holdings Corp.**Notes to the unaudited condensed consolidated financial statements**

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

The following table sets out the period end commodity prices for cobalt and nickel:

As at March 31, 2024		Market price per tonne
Cobalt	\$	27,778
Nickel	\$	16,525

As at December 31, 2023		Market price per tonne
Cobalt	\$	28,660
Nickel	\$	16,250

17. Commitments and contingencies

As of March 31, 2024, there were \$ 7.4 million in committed purchase orders or agreements for equipment and services (December 31, 2023: \$ 8.3 million).

Legal Proceedings

The Company is and may be subject to various claims and legal proceedings in the ordinary course of its business. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims or legal proceedings. The Company records provisions for such claims when an outflow of resources is considered probable and a reliable estimate can be made. No such provisions have been recorded by the Company.

Shareholder Litigation relating to the October 23, 2023 Announcement of Rochester Hub Construction Pause

Three shareholder lawsuits were launched following the Company's announcement on October 23, 2023 that it would be pausing construction on the Rochester Hub project, described below.

On November 8, 2023, a putative federal securities class action lawsuit was filed in the U.S. District Court for the Southern District of New York against the Company, and certain of its officers and directors, on behalf of a proposed class of purchasers of the Company's common shares during the period from June 14, 2022 through October 23, 2023. On March 15, 2024, the lead plaintiff filed an amended complaint on behalf of a proposed class of purchasers of the Company's common shares during the period from January 27, 2022 through November 13, 2023. See *Hubiack v. Li-Cycle Holdings Corp., et al.*, 1:23-cv-09894 (S.D.N.Y.) (the "**Hubiack Securities Action**"). The amended complaint asserts claims under Sections 10(b) and 20(a) of the Exchange Act, and alleges that the defendants issued false and misleading statements regarding the Rochester Hub's construction budget, costs and timeline, which were allegedly revealed beginning on October 23, 2023, when the Company announced that it would pause construction on the Rochester Hub project. The complaint seeks compensatory damages and an award of costs. On April 12, 2024, the defendants moved to dismiss the amended complaint in its entirety. In view of the uncertainties inherent in litigation, we do not express a judgment as to the outcome of this litigation.

On November 27, 2023, a putative Ontario securities class action claim was filed in the Ontario Superior Court of Justice against the Company and its CEO. The claim was amended on February 8, 2024 and amended again on May 6, 2024. The claim is on behalf of a proposed class of purchasers of the Company's common shares during the period from February 27, 2023 through November 10, 2023. The claim, which is captioned as *Wyshynski v. Li-Cycle Holdings Corp. et al.*, Court File No. CV-23-00710373-00CP, alleges common law secondary market misrepresentations and, if leave is granted under Part XXIII.1 of the Securities Act (Ontario), statutory secondary market negligent misrepresentations. It also seeks an oppression remedy under s. 248 of the Ontario Business Corporations Act, based primarily on allegations of misconduct of senior management. The Wyshynski claim alleges that the Company's public disclosures through the class period contained misrepresentations because they omitted material facts regarding the cost of the Rochester Hub project and the availability of financing. The Wyshynski claim alleges that the purported misrepresentations were publicly corrected on (i) October 23, 2023, when the Company announced that it would pause construction on the Rochester Hub project; and (ii) November 13, 2023, with the release of the Company's Q3 2023 earnings. The putative class includes all persons who acquired Li-Cycle common shares during the class period and who held some or all of those common shares until after the release of at least one of the alleged corrective disclosures. The claim seeks compensatory damages and an award of costs, along with the appointment of a third party monitor. On April 5, 2024, the defendants moved to stay the action on the basis that New York is the more appropriate forum for the litigation. In view of the uncertainties inherent in litigation, we do not express a judgment as to the outcome of this litigation.

On December 4, 2023, a putative shareholder derivative action was filed in the Supreme Court of the State of New York, Monroe County, purportedly on behalf of the Company (as nominal defendant) against certain of the Company's current and/or former officers and directors. The action, which is captioned as *Nieves v. Johnston, et. al.*, Index No. E2023014542 (N.Y. Sup. Ct.),

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

principally concerns the same alleged misstatements or omissions at issue in the Hubiack Securities Action, and asserts common law claims for breach of fiduciary duty, waste, unjust enrichment, and gross mismanagement. The action seeks to recover unspecified compensatory damages on behalf of the Company, an award of costs and expenses and other relief. On February 29, 2024, the parties agreed to stay the action pending resolution of the Hubiack Securities Action. In view of the uncertainties inherent in litigation, we do not express a judgment as to the outcome of this litigation.

Subrogation Liability Claim

On or around January 2, 2024, the Company received a notice of a subrogation liability claim by an insurance company on behalf of one of the other tenants of the New York Spoke's warehouse. The claim relates to a small fire which occurred at the building on December 23, 2023, involving lithium-ion batteries being stored at the warehouse. The claimant has not provided details of potential damages and the Company's general liability insurer is providing coverage for this claim, including defense of the claim.

Commercial Claim – Pike Conductor DEV 1, LLC

On January 17, 2024, Pike Conductor DEV 1, LLC ("**Pike**") sent the Company a purported notice of default claiming that the Company failed to pay certain amounts in connection with leasing a warehouse and administrative building related to the Rochester Hub, and failed to clear certain liens levied on the property.

On January 26, 2024, the Company filed a lawsuit in New York State Court in Monroe County, seeking an order requiring Pike to amend and restate the agreement as a ground lease and to pay damages of at least \$ 39.0 million - \$ 53.0 million. The Company also sought an order barring Pike from seeking to, among other things, terminate the agreement or evict the Company from the property while the lawsuit is pending. Under the agreement between the parties, Pike agreed to construct the property and lease it to the Company. The Company agreed to finance up to \$ 58.6 million of Pike's construction costs, including \$ 14.5 million in tenant's improvements. Based on the agreement between the parties, if, by November 1, 2023, Pike had not repaid the pre-financing costs, less the tenant improvements, then the parties would restate the agreement as a ground lease and the Company would own the Warehouse. To date, the Company has funded approximately \$ 53.5 million of the construction costs. Repayment to the Company had not occurred by this date, and the agreement has not been restated as a ground lease.

On March 13, 2024, the court issued an order temporarily restraining Pike until a hearing can be held on the Company's lawsuit. Following certain court-ordered settlement conferences, the parties are negotiating the terms of an agreed settlement.

Dispute with MasTec Regarding Rochester Hub Construction Contract

On April 9, 2024, Mastec Industrial Corp. ("**MasTec**") commenced (i) arbitration proceedings against the Company's subsidiary, Li-Cycle North America Hub, Inc., under the terms of the construction contract for the Rochester Hub project, and (ii) a foreclosure action in the Supreme Court, County of Monroe, New York. The arbitration proceedings are being conducted with the American Arbitration Association and seek recovery of \$ 48.7 million allegedly due under the construction contract for the Rochester Hub project, plus interest, fees, costs and expenses. The Company is defending its interests and has made certain counter-claims against MasTec. The amount owed by Li-Cycle is expected to be determined in the arbitration, and the foreclosure action is expected to be stayed pending determination of the arbitration. The amount claimed in the arbitration proceedings has been reflected in the Company's accounts payable.

18. Loss per share

	For the 3 months ended March 31, 2024	For the 3 months ended March 31, 2023
Total net income (loss)	\$ (136.7)	\$ (36.5)
Weighted average number of common shares (in millions)	178.8	176.4
Effect of dilutive securities:		
Stock options	—	—
Restricted share units	—	—
Dilutive number of shares	\$ 178.8	\$ 176.4
Basic and diluted earnings (loss) per share	\$ (0.76)	\$ (0.21)

Adjustments for diluted loss per share were not made for the three months ended March 31, 2024 and 2023, as they would be anti-dilutive in nature. The following table presents shares (denominated in millions) from instruments that could dilute basic loss

Li-Cycle Holdings Corp.
Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

per share in the future, but were not included in the calculation of diluted loss per share because they are antidilutive for the periods presented:

As at	March 31, 2024	March 31, 2023
Stock options	3.4	5.3
Convertible debt		
<i>KSP Convertible Notes</i>	9.1	8.4
<i>Glencore Convertible Notes</i>	165.6	21.3
Restricted share units	12.2	3.5
Total	190.3	38.5

19. Segment reporting

The consolidated financial information presented in these financial statements is reviewed regularly by the Company's chief operating decision maker ("CODM") for making strategic decisions, allocations resources and assessing performance. The information review by CODM for decision making purposes aligns with the information provided above in the statements of operations and comprehensive income (loss), financial position, and cash flows. The Company's CODM is its Chief Executive Officer.

The Company's revenue primarily comes from eight key customers, as shown in the table below. The Company's remaining customers do not make up significant percentages of these balances. For additional details on product sales and fair value adjustments recognized in the period, refer to Note 3.

Revenue

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Customer D	40.1 %	0.5 %
Customer G	29.5 %	0.0 %
Customer H	15.4 %	0.0 %
Customer A	6.4 %	28.7 %
Customer C	0.0 %	24.0 %
Customer F	1.4 %	15.3 %
Customer B	0.0 %	12.4 %
Customer E	0.0 %	11.6 %

During the three months ended March 31, 2024, the Company operated in the United States and Germany, and during the three months ended March 31, 2023, the Company operated in the United States and Canada. Management has concluded that the customers, and the nature and method of distribution of goods and services delivered, if any, to these geographic regions are similar in nature. The risks and returns across the geographic regions are not dissimilar; therefore, the Company operates as a single operating segment.

The following is a summary of the Company's geographical information:

	Canada	United States	Germany	Other	Total
Revenues					
Three months ended March 31, 2024	\$ 0.1	\$ 3.6	\$ 0.5	\$ —	\$ 4.2
Three months ended March 31, 2023	(0.5)	4.1	—	—	3.6
Non-current assets					
As at March 31, 2024	\$ 55.6	\$ 632.1	\$ 32.1	\$ 25.5	\$ 745.3
As at December 31, 2023	57.0	618.9	34.9	26.2	737.0

Revenue is attributed to each geographical location based on location of sale.

20. Subsequent events

Li-Cycle Holdings Corp.

Notes to the unaudited condensed consolidated financial statements

All dollar amounts presented are expressed in millions of US dollars except share and per share amounts

Government Grant – Germany Spoke

On February 7, 2024, the Company announced that it has received approval from the State of Saxony-Anhalt, Germany for a grant of up to € 6.4 million (\$ 6.9 million) for its Germany Spoke, as a part of the **Improving the Regional Economic Structure** program. On April 30, 2024, the Company received € 5.3 million (\$ 5.8 million) of the approved grant. The grant can be used to finance eligible expenditures (primarily machinery and equipment, vehicles, and building or structural improvements) within the investment period ending May 31, 2025. Under the financing plan, the Company is required to fund a proportion of the eligible investment expenditures, to engage at least 38 full-time employees and to provide a security interest in relation to certain equipment.

Notice of Violation - Arizona Department of Environmental Quality

On or around April 17, 2024, the Company received a Notice of Violation from the Arizona Department of Environmental Quality (**ADEQ**) following ADEQ's visit to the Arizona Spoke on March 27, 2024. ADEQ identified alleged violations related to storage of batteries beyond an operational day prior to recycling without a hazardous waste storage permit and failure to submit a biennial report to the ADEQ by March 1, 2024. The Notice of Violation provides that the Company is required to submit documentation that all hazardous waste and universal waste currently being stored on-site is either removed from the site by transferring to an appropriate destination facility or processed through the recycling process immediately. The Company is in active discussions with ADEQ regarding steps and schedule to achieve compliance. Potential penalties for non-compliance may include fines of up to \$ 25,000 per day, among other things.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations ("MD&A") is prepared as of May 10, 2024 and provides information which the management of Li-Cycle Holdings Corp. (the "**Company**" or "**Li-Cycle**") believes is relevant to an assessment and understanding of the unaudited condensed interim consolidated financial statements of Li-Cycle for the three months ended March 31, 2024 and 2023, prepared in accordance with U.S. GAAP for interim reporting. This MD&A should be read together with the unaudited condensed consolidated interim financial statements included in "Part I. Financial Information—Item 1. Unaudited Condensed Consolidated Interim Financial Information" in this Quarterly Report on Form 10-Q (the "**Consolidated Financial Statements**").

In addition to historical financial information, this MD&A contains forward-looking statements based upon current expectations about the Company's financial condition, results of operations and industry that involve risks, uncertainties and assumptions. For more information about forward-looking statements, refer to the section in this Quarterly Report on Form 10-Q titled "*Cautionary Note Regarding Forward-Looking Statements*". Actual results and timing of selected events may differ materially from those anticipated by these forward-looking statements as a result of various factors, including those set forth under the section in this Quarterly Report on Form 10-Q titled "*— Key Factors Affecting Li-Cycle's Performance*" below, under "Part II. Other Information – Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q and under "*Item 1A. Risk Factors*" included in the Annual Report on Form 10-K.

Li-Cycle's Consolidated Financial Statements have been prepared in accordance with ASC 270 – *Interim Reporting*. All amounts are in U.S. dollars except as otherwise indicated. For more information about the basis of presentation of Li-Cycle's financial statements, see Note 2 (*Summary of Significant Accounting Policies*) in the Consolidated Financial Statements.

Certain figures, such as interest rates and other percentages included in this MD&A, have been rounded for ease of presentation. Percentage figures included in this MD&A have in all cases been calculated on the basis of the amounts prior to rounding. For this reason, percentage amounts in this MD&A may vary slightly from those obtained by performing the same calculations using the figures in Li-Cycle's financial statements or in the associated text. Certain other amounts that appear in this MD&A may similarly not sum due to rounding.

Company Overview

Li-Cycle (NYSE: LICY) is a leading global LIB resource recovery company. Established in 2016, and with major customers and partners around the world, Li-Cycle's mission is to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. The Company's proprietary "Spoke & Hub" recycling and resource recovery process is designed (a) at its Spokes, or pre-processing facilities, to process battery manufacturing scrap and end-of-life batteries to produce "black mass", a powder-like substance which contains a number of valuable metals, and other intermediate products, and (b) at its future Hubs, or post-processing facilities, to process black mass to produce critical materials for the lithium-ion battery supply chain, including lithium carbonate. At its Spokes, the Company produces certain other products analogous to black mass that have a similar metal content, and, as a result, the Company tracks its production using a unit of measure called Black Mass & Equivalents or BM&E.

As at March 31, 2024, Li-Cycle had four operational Spokes in North America and Europe, which were located in Rochester, New York (the "**New York Spoke**"), Gilbert, Arizona (the "**Arizona Spoke**"), Tuscaloosa, Alabama (the "**Alabama Spoke**") and Magdeburg, Germany (the "**Germany Spoke**"), and was evaluating the continued development of its first commercial-scale Hub in Rochester, New York (the "**Rochester Hub**").

Recent Liquidity Developments

On October 23, 2023, the Company announced that it was pausing construction work on its Rochester Hub, due to escalating construction costs, pending completion of a comprehensive review of the project, including an evaluation of the go-forward phasing of its scope and budget, including construction strategy. Refer to the section titled "*—Update on Strategic Priorities and Business Outlook*" below and the risk factor "*The development of Li-Cycle's Rochester Hub, Spoke network and other future projects is subject to risks, including with respect to financing, engineering, permitting, procurement, construction, commissioning and ramp-up, and Li-Cycle cannot guarantee that these projects will be resumed, completed in a timely manner or at all, that their costs will not be significantly higher than estimated, that financing will be sufficient to cover costs or escalated costs, or that the completed projects will meet expectations with respect to their productivity or the specifications of their respective end products, among others*" in the section of the Annual Report on Form 10-K titled "*Item 1A. Risk Factors—Risks Relating to Li-Cycle's Business*" for additional details.

Promptly following the October 23, 2023 announcement, and in connection with the comprehensive review of the go-forward strategy of the Rochester Hub project, the Board of Directors (the “**Board**”) established a Special Committee comprised of certain independent directors (the “**Special Committee**”) to, among other things, (1) oversee and supervise a strategic review of all or any of the Company’s operations and capital projects including its sales, general and administration functions, and (2) consider financing and other strategic alternatives.

The Special Committee selected Moelis & Company LLC (“**Moelis**”) and other advisors to assist with exploring financing options to increase the liquidity of Li-Cycle and evaluating financing and other strategic alternatives, as well as to assist the Company with managing short-term liquidity and implementing liquidity generating initiatives. See the section titled “—*Key Factors Affecting Li-Cycle’s Performance—Financial Condition and Capital Requirements*” below for additional details.

On November 1, 2023, the Company initiated the implementation of a cash preservation plan (the “**Cash Preservation Plan**”), including reducing staffing in its corporate support functions on an ongoing basis, as needed, pausing production at its Ontario Spoke and implementing a plan to manage lower levels of BM&E production and otherwise slow down operations at its remaining operating Spoke locations. The Company expects to continue to pause or slow down operations at its operational Spokes in North America. The Cash Preservation Plan also involves reviewing existing plans for bringing on additional Spoke capacity and taking other steps to preserve the Company’s available cash while pursuing funding alternatives for the Company and continuing to review the go-forward strategy for the Rochester Hub project. Refer to the sections titled “—*Update on Strategic Priorities and Business Outlook*” and “—*Liquidity and Capital Resources*” below for further discussion.

Until 2020, Li-Cycle was a development stage company with no commercial revenues. To date, Li-Cycle has financed its operations primarily through proceeds received in connection with: (i) the business combination it completed with Peridot Acquisition Corp. on August 10, 2021 (the “**Business Combination**”); (ii) the concurrent \$315.5 million private placement of common shares (the “**PIPE Financing**”); and (iii) private placements of other Li-Cycle securities (including convertible notes and common shares).

The Company has evaluated whether there are conditions and events, considered in the aggregate and including the ones mentioned above, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the Consolidated Financial Statements are issued. Based on its recurring losses from operations since inception and continued cash outflows from operating activities, including funding capital commitments related to the Rochester Hub (all as described below), the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that the Consolidated Financial Statements are issued. Refer to the section titled “—*Liquidity and Capital Resources*” below for definitions and additional details.

On February 7, 2024, the Company announced that it has received approval from the State of Saxony-Anhalt, Germany for a grant of up to €6.4 million (\$6.9 million) for its Germany Spoke. On April 30, 2024, the Company received €5.3 million (\$5.8 million) of the approved grant. The grant can be used to finance eligible expenditures (primarily machinery and equipment, vehicles, and building or structural improvements) within the investment period ending May 31, 2025. Under the financing plan, the Company is required to fund a proportion of the eligible investment expenditures, to engage at least 38 full-time employees and to provide a security interest in relation to certain equipment.

On March 11, 2024, the Company entered into an agreement, which was amended and restated on March 25, 2024 (the “**Glencore Senior Secured Convertible Note Purchase Agreement**”) to issue a senior secured convertible note in an aggregate principal amount of \$75.0 million to an affiliate of Glencore plc (the “**Glencore Senior Secured Convertible Note**”). The issuance and sale of the Glencore Senior Secured Convertible Note was completed on March 25, 2024.

In connection with the issuance of the Glencore Senior Secured Convertible Note, Glencore and the Company amended and restated the terms of the Glencore Unsecured Convertible Notes, in two tranches (and such resulting two tranches of the amended and restated Glencore Unsecured Convertible Notes, the “**A&R Glencore Convertible Notes**”).

The Glencore Senior Secured Convertible Note, together with the A&R Glencore Convertible Notes, may result in a change of control of the Company, depending on certain future events including in the event the Company elects to pay interest in-kind. Assuming the conversion of the A&R Glencore Convertible Notes and the Glencore Senior Secured Convertible Note in full on March 25, 2024, the issue date of the Glencore Senior Secured Convertible Note, Glencore and its affiliates would beneficially own approximately 47.8% of the common shares on an as-converted basis (based on the total number of outstanding common shares as of March 31, 2024). The Glencore Senior Secured Convertible Note also

contains a minimum liquidity covenant that will require us to maintain a minimum amount of liquidity to be set at \$10.0 million, to be tested monthly. In addition, the Glencore Senior Secured Convertible Note also contains a capital expenditure covenant that restricts our ability to make capital expenditures in excess of \$2.0 million in any transaction or series of related transactions, subject to certain exceptions.

In connection with the closing of the Glencore Senior Secured Convertible Note, the Company also entered into a side letter agreement, pursuant to which it granted to Glencore the right to nominate two additional directors to the Board, in addition to Glencore's existing nominee to the Board, for a total of three nominees. In addition, for so long as Glencore has the right to designate nominees to the Board, the size of the Board may not exceed nine directors absent written agreement between Glencore and the Company. Both additional Glencore nominees are not to be related parties of Glencore and its affiliates and are to be independent under applicable Ontario securities laws, as well as SEC and NYSE rules. Both additional Glencore nominees will be entitled to payment and indemnification consistent with other non-employee directors and will be eligible for appointment to the committees of the Board. Glencore will agree to cause the Glencore-nominated directors to recuse themselves from any meeting, decision or discussion relating to the convertible notes issued to Glencore or related matters. Upon the occurrence of any vacancy on the Board, Glencore shall be entitled to designate an individual to fill the vacancy, to the extent it has not yet seated its two additional Glencore nominees. One additional Glencore nominated director is expected to join the Board in 2024 and Glencore shall have the right to identify and (subject to customary approvals by the Company) propose for election one director at the Company's annual general meeting of shareholders to be held in 2025.

Refer to the section titled "*—Liquidity and Capital Resources*" below for definitions and additional details.

Comparability of Financial Information

Li-Cycle's future results of operations and financial position may not be comparable to historical results as a result of the Business Combination, the pause in construction of the Rochester Hub and the Cash Preservation Plan. Refer to the sections titled "*— Update on Strategic Priorities and Business Outlook*", "*— Key Factors Affecting Li-Cycle's Performance – Financial Condition and Capital Requirements*" and "*— Liquidity and Capital Resources*" below for further discussion.

Li-Cycle included certain projected financial information in the proxy statement/prospectus on Form F-4 dated July 15, 2021 and filed with the U.S. Securities and Exchange Commission (the "**SEC**") in connection with the Business Combination (as amended, the "**Proxy/Registration Statement**"), which information was also incorporated by reference in Li-Cycle's non-offering final prospectus dated August 10, 2021 filed with the Ontario Securities Commission (the "**Canadian Prospectus**") and Shell Company Report on Form 20-F filed with the SEC.

Following the date of the effectiveness of the Proxy/Registration Statement and the date of the Canadian Prospectus, in order to meet changes in forecasted demand for LIB recycling, the Company decided to increase and accelerate its investment in the build-out of its recycling capacity in North America and Europe. For example, the Company opened the Arizona Spoke, the Alabama Spoke and the Germany Spoke, and announced the development of other Spoke projects, changing the Company's previous plans and projections. Li-Cycle also announced the increase of expected processing capacity and development costs at its Rochester Hub, announced plans for a new European Hub, and did not proceed with the developments of Spokes or Hubs in the Asia-Pacific region. As disclosed above, in the fourth quarter of 2023, the Company announced the pause in construction of the Rochester Hub project, commenced a project review and implemented the Cash Preservation Plan. Refer to the sections titled "*—Recent Liquidity Developments*" and "*—Update on Strategic Priorities and Business Outlook*" for additional details.

As a result of these and other developments, the assumptions underlying the projected financial information included in the Proxy/Registration Statement and the Canadian Prospectus, including a number of assumptions regarding capital expenditures and the timing of the roll-out of new operational facilities, no longer reflect a reasonable basis on which to project the Company's future results, and therefore those projections should not be relied on as indicative of future results. The Company's actual results could differ substantially from the projected financial information contained in the Proxy/Registration Statement and the Canadian Prospectus.

Update on Strategic Priorities and Business Outlook

Cash Preservation Plan

On November 1, 2023, the Company initiated the implementation of its Cash Preservation Plan, including reducing staffing in its corporate support functions on an ongoing basis, as needed, pausing production at its Ontario Spoke and implementing a plan to manage lower levels of BM&E production and otherwise slow down operations at its remaining operating Spoke locations.

On March 25, 2024, the Company made the strategic decision to transition from its regional management structure to a centralized model, which resulted in certain leadership changes. Effective as of March 26, 2024, Tim Johnston ceased serving as the Company's Executive Chair and transitioned to the role of interim non-executive Chair of the Company's Board, Debbie Simpson ceased serving as the Chief Financial Officer of the Company and Richard Storrie ceased serving as the Company's Regional President, EMEA. In addition, Craig Cunningham was appointed as the interim Chief Financial Officer of the Company, Conor Spollen was appointed as the Chief Operating Officer of the Company and Dawei Li was appointed as the Chief Commercial Officer of the Company. In addition, on March 25, 2024, the Board approved plans to reduce approximately 17% of the Company's workforce, primarily at the corporate level, as part of the Cash Preservation Plan. These steps are expected to generate approximately \$10 million in payroll and benefit cost savings on an annualized basis.

The workforce reduction provides certain executives and non-executives with contractual termination benefits as well as one-time termination benefits. The Company estimates that it will incur total charges of approximately \$8.3 million in connection with the workforce reduction, with the majority of these charges to be incurred as cash severance payments over the course of the next twelve (12) months. The Company recorded an expense of \$0.4 million in cost of sales and \$5.1 million in selling, general and administrative expense in the Consolidated Financial Statements for the three months ended March 31, 2024 for contractual termination benefits that are considered severance benefits plans since they are both probable and reasonably estimable as of March 31, 2024 under ASC 712 – *Exit or Disposal Cost Obligations*. No amounts were recorded for one-time termination benefits since they had not been not accepted by the employees as of March 31, 2024.

Certain payments to contractors and suppliers of the Company have been delayed as a result of the Cash Preservation Plan and management has actively engaged with contractors and suppliers to the Rochester Hub project to negotiate mutually agreeable payment plans. During the three months ended March 31, 2024, and as part of the Cash Preservation Plan, the Company reached agreements with certain suppliers to extend the payment terms for the amounts invoiced beyond one year totaling approximately \$6.6 million. The Company recorded these amounts as non-current accounts payable in the Consolidated Financial Statements.

In addition, certain contractors, subcontractors, consultants and other suppliers (together, the “**lienors**”) have filed purported mechanic's liens against the Company's interests in certain properties in New York State, under New York Lien Law, given alleged delays in making payments to those lienors. On April 9, 2024, one of the lienors, MasTec Industrial Corp. (“**MasTec**”) commenced arbitration proceedings to seek recovery of \$48.7 million allegedly due under the construction contract for the Rochester Hub project, plus interest, fees, costs and expenses. Pending the results of the arbitration proceedings, MasTec is also seeking to enforce its lien through a foreclosure action. See “*Part II. Other Information - Item 1. Legal Proceedings*” and “*Part II. Other Information – Item 1A Risk Factors - There is substantial doubt about Li-Cycle's ability to continue as a going concern*” in this Quarterly Report on Form 10-Q and Note 17 (*Commitments and contingencies*) to the Consolidated Financial Statements.

Rochester Hub Project Review

The Company is continuing to advance its comprehensive review of the go-forward strategy for the Rochester Hub project.

The Company has focused its technical review on constructing, commissioning, and operating only those process areas needed to produce two key products: lithium carbonate and mixed hydroxide precipitate (“**MHP**”) (the “**MHP scope**”). The construction, commissioning and operating costs for process areas associated with production of nickel sulphate and cobalt sulphate, as originally planned for the Rochester Hub, have not been included in the internal technical review and there are no current plans that include production of nickel sulphate and cobalt sulphate. However, the areas dedicated to the production of nickel sulphate and cobalt sulphate would be left intact under the MHP scope, to allow for

the potential construction, completion, and integration of these areas in the future, although no such plans are contemplated at this time. The Company's technical review confirmed the technical viability of the MHP process and allows the project to proceed on a schedule aligned with the Company's current expectations regarding the timing and evolution of the battery recycling and EV markets, subject to obtaining required permits, regulatory approvals, if needed and additional financing. The Company is continuing to develop a more detailed analysis of the MHP scope, and it is developing its financing strategy in line with the revised MHP scope. The Company will require significant additional funding before restarting the Rochester Hub project, on the basis of the MHP scope or otherwise.

As part of the internal technical review, the Company has conducted an engineering study internally to assess the cost to complete ("CTC") the Rochester Hub project under the MHP scope. The Company's current estimate of the CTC is approximately \$504.3 million, including \$111.3 million of costs incurred but not yet paid as of March 31, 2024. Taking into account total cash spend of \$455.9 million as of March 31, 2024, the revised estimated project cost of the Rochester Hub project is approximately \$960.2 million for the MHP scope. The increase in estimated project costs as compared to the prior range of approximately \$850.0 million to approximately \$1.0 billion that included the expected production of nickel sulphate and cobalt sulphate from November 2023 is primarily due to further refinement of the methodology used for estimating the project cost based on an MHP scope and the cost required to complete the MHP project. If in the future the Company decides to shift to a project scope that includes the production of nickel sulphate and cobalt sulphate, or any other changes to the MHP scope, then the estimated project costs would be higher. However, the Company currently has not completed and does not have plans to complete an evaluation of estimated project costs for such a project scope at this time.

The CTC estimate for the MHP scope is based solely upon the internal technical review, is subject to a number of assumptions, including refining detailed engineering, procurement, construction activities engineering, procurement and construction activities, including the cost of labor and is likely to change as the Company continues to complete its comprehensive review work, including re-engaging and re-bidding construction subcontracts. In addition to the CTC, the Company will incur costs during the construction pause between October 23, 2023 to the potential project re-start date, which the Company expects to fund with current cash and required additional interim funding. The Company will also incur other costs such as working capital, commissioning and ramp-up costs and financing costs which will be included in the full funding solution. The Company is actively exploring financing options focused on addressing the Company's immediate liquidity needs. Refer to the sections titled "*Recent Liquidity Developments*" and "*Liquidity and Capital Resources*" below for further discussion.

During the three months ended March 31, 2024, Li-Cycle progressed the comprehensive review of its Rochester Hub project, including advancing work with the local market to refine go-forward cost estimates for the MHP scope.

As at March 31, 2024, the Company has incurred total costs of \$567.2 million on the project, comprised of total cash spend of \$455.9 million and costs incurred but not yet paid of \$111.3 million. In addition, certain contractors, subcontractors, consultants and suppliers (together, the "**lienors**") have filed purported mechanic's liens against the Company's interests in certain properties in New York State, under New York Lien Law, given alleged delays in making payments to those lienors. On April 9, 2024, one of the lienors, MasTec, commenced arbitration proceedings to seek recovery of \$48.7 million allegedly due under the construction contract for the Rochester Hub project, plus interest, fees, costs and expenses. Pending the results of the arbitration proceedings, MasTec is also seeking to enforce its lien through a foreclosure action. See "*Part II. Other Information — Item 1. Legal Proceedings*" and "*Part II. Other Information — Item 1A Risk Factors — There is substantial doubt about Li-Cycle's ability to continue as a going concern*" in this Quarterly Report on Form 10-Q and Note 17 (*Commitments and contingencies*) to the Consolidated Financial Statements.

Operational Initiatives

In view of the pause in construction of the Rochester Hub project, the Company slowed operations at its North American and European Spokes by pausing operations at the Ontario Spoke and slowing operations at its New York, Arizona and Alabama Spokes on an ongoing basis, as it continues to review the timing and BM&E needs of the Rochester Hub. The Company expects to continue to pause or slow down operations at its operational Spokes in North America over the course of 2024. In the three months ended March 31, 2024, Li-Cycle has focused its commercial activities on supporting key OEM and strategic partners. By focusing on the intake of EV battery packs and modules, including damaged and defective materials, the Company is increasing its opportunity to earn recycling service revenues and leveraging the main line processing capabilities of its Generation 3 Spokes in Arizona, Alabama and Germany. The Company is also seeking to maximize the commercial value of its purchased battery cell manufacturing scrap by re-selling these materials, whether directly or after processing through its ancillary lines at its Spokes, directly to third parties,

primarily in the Asia-Pacific region. See “—Key Factors Affecting Li-Cycle’s Performance—Customer Demand for Recycled Materials”.

During the three months ended March 31, 2024, in North America, Li-Cycle entered into two new recycling agreements with EV OEMs for full battery pack batteries and extended an existing agreement with a leading battery cell manufacturer. During the three months ended March 31, 2024, the Company also signed a new recycling agreement, and expanded and amended two existing agreements, for modules and full battery pack batteries with three of the largest automotive EV original equipment manufacturers (OEMs) in Europe. Li-Cycle now has recycling contracts with four of the largest automotive EV OEMs in Europe. The Company also signed a new agreement with a major EV battery supplier and a global battery cell manufacturer in Europe.

The Company continues to re-evaluate its strategy for bringing on additional Spoke and Hub capacity in the near-term, specifically:

- **Germany Spoke (Expansion Deferred):** Line 1 capacity of 10,000 tonnes per year was operationalized in August 2023. The Company had previously announced that Line 2 capacity of 10,000 tonnes per year and ancillary capacity of up to 10,000 tonnes per year were expected to be built by the end of 2023, but these plans have been deferred (including the application to expand permitted capacity from 25,000 tonnes to 35,000 tonnes per year) and the timing of the Germany Spoke expansion is being re-evaluated as part of the go-forward strategy.
- **France Spoke (Project Paused):** The Company had expected to start constructing the France Spoke in 2023 and to commence operations in 2024. This Generation 3 Spoke was expected to have a main line recycling capacity of 10,000 tonnes per year, with optionality to expand to up to 25,000 tonnes per year. These plans have been paused and the timing of the France Spoke is being re-evaluated as part of the go-forward strategy.
- **Norway Spoke (Project Paused):** The Company had expected to use its leased facility in Norway initially as a warehouse to support the Germany Spoke operations and then start Spoke operations there in 2024. These plans have been paused and the timing of the Norway Spoke is being re-evaluated as part of the go-forward strategy.
- **Ontario Spoke (Operations Paused):** The Company had planned on replacing the existing Ontario Spoke in 2023 with an expanded Generation 3 Spoke and warehouse facility. The replacement plans for this Spoke have been postponed indefinitely as part of the go-forward strategy.
- **Other Spoke Development Projects (Project Paused):** The Company had previously disclosed that it was undertaking a site selection process for a potential new Spoke in Hungary. These plans have been postponed indefinitely as part of the go-forward strategy.
- **Planned Portovesme Hub Project (Project Paused):** In May 2023, the Company announced it had signed a letter of intent with Glencore International AG, a wholly owned subsidiary of Glencore plc (“**Glencore**”), to jointly study the feasibility of, and later, develop a Hub facility in Portovesme, Italy (the “**Planned Portovesme Hub**”) to produce critical battery materials. The Planned Portovesme Hub would repurpose part of the existing Glencore metallurgical complex, which would enable what we expect would be a cost-efficient and expedited development plan. Work on the definitive feasibility study (“**DFS**”) for the Planned Portovesme Hub project has been paused and the project is currently under review with Glencore as well as with the Company as part of the go-forward strategy.

Financing Initiatives

As previously announced, the Company entered into a conditional commitment with the DOE Loan Programs Office for a loan for gross proceeds of up to \$375.0 million through the DOE’s Advanced Technology Vehicles Manufacturing program. Subsequent to the announcement of the pause in construction of the Rochester Hub, the Company has continued to work closely with the DOE on reviewing the potential MHP scope as well as key technical, financial and legal work streams to advance toward definitive financing documentation required for closing. There can be no assurances that the process, as outlined above, will not affect the amount of the DOE Loan commitment, the amount of the additional financing required by the Company to fund a required base equity commitment in order to draw down on the DOE Loan, the amount of deductions from any potential DOE Loan proceeds, such as capitalized interest and other items, the conditions to drawing on the DOE Loan, other potential terms of the DOE Loan or that the DOE Loan will close and the Company will receive any funding. There are no assurances that the closing of the DOE Loan will yield the maximum amount of expected gross proceeds, and furthermore, that any financing would be sufficient to complete the Rochester Hub.

The Special Committee continues to work with Moelis to explore financing options and strategic alternatives to increase the short-term liquidity of the Company and, following the project review process, to support the completion of the Rochester Hub project.

Key Factors Affecting Li-Cycle's Performance

The Company believes that its performance and future success is dependent on multiple factors that present significant opportunities for Li-Cycle, but also pose significant risks and challenges, including those discussed below and in the section of this Quarterly Report on Form 10-Q titled "Part II. Other Information - Item 1A. Risk Factors" and the section of the Annual Report on Form 10-K titled "Item 1A. Risk Factors".

Financing Options and Strategic Alternatives

In light of Li-Cycle's liquidity position and anticipated funding requirements, the Special Committee engaged Moelis to assist with exploring financing options and strategic alternatives. Notwithstanding the closing of the Glencore Senior Secured Convertible Note investment; there can be no assurance that Li-Cycle will be successful in identifying and implementing any further financing options and strategic alternatives. The Company will require a significant amount of financing in addition to the Glencore Senior Secured Convertible Note in order to meet its funding needs. The process of evaluating these options is costly, time-consuming and complex. Li-Cycle has incurred, and may in the future incur, significant costs related to this evaluation, as well as additional unanticipated expenses. A considerable portion of these costs have been and will continue to be incurred regardless of whether any such course of action is implemented, or any further transaction is completed. Any such costs will decrease the remaining cash available for use in Li-Cycle's business. Any delays in this process will cause Li-Cycle's cash balance to continue to deplete, which could make it less attractive as a counterparty. The continued review of Li-Cycle's options may also create continued uncertainty for its employees, including as a result of the past and future reductions in workforce and this uncertainty may adversely affect its ability to retain key employees necessary to maintain its ongoing operations or to execute any potential financing or a strategic transaction. In addition, a strategic alternative process can require a significant amount of management and other employee's time and focus, which diverts attention from operating the business. The failure to achieve some or all of the expected benefits of the financing options and strategic alternatives review, could have a material adverse effect on Li-Cycle's competitive position, business, results of operations, financial condition and cash flows. Further, the market capitalization of Li-Cycle has sharply declined since the announcement of the construction pause on the Rochester Hub project on October 23, 2023. As a result, there is a risk that minimal or no value will be assessed on Li-Cycle's assets by potential counterparties, and that Li-Cycle may not be able to complete any future transaction before its cash position is reduced such that it will need to terminate operations or dissolve and liquidate its assets under applicable bankruptcy laws or otherwise.

Any financing or other strategic transaction that Li-Cycle may consummate in the future could harm the business, operating results and financial condition and there can be no assurances that any financing or strategic transaction will lead to increased shareholder value or achieve any of the anticipated results. If Li-Cycle is successful in completing any future financing or other strategic alternative, it may still be subject to other operational and financial risks, including but not limited to, increased near-term and long-term expenditures; higher than expected financing or other strategic transaction costs; the incurrence of substantial debt or dilutive issuances of equity securities to fund future operations; write-downs of assets; impairment of relationships with key suppliers or customers due to changes in structure, management or ownership; the inability to retain key employees; and the cost of litigation. Furthermore, any additional financing may be insufficient to provide liquidity for ongoing operations, fund the Company's future growth or capital projects, including the Rochester Hub or otherwise satisfy any of the Company's funding needs, and additional financing may have restrictive covenants that significantly limit the Company's operating and financial flexibility or its ability to obtain future financing.

See the risk factors titled "*Li-Cycle has a history of losses and expects to incur significant expenses for the foreseeable future and may never achieve or sustain profitability*," "*There is substantial doubt about Li-Cycle's ability to continue as a going concern*" and "*There can be no assurance that the Cash Preservation Plan or the efforts to pursue financing options or strategic alternatives will achieve any of the intended results*" in the section of the Annual Report on Form 10-K titled "Item 1A. Risk Factors—Risks Relating to Li-Cycle's Business" for additional details

Development and Growth Projects

Most of our development and growth projects are currently paused. However, any development and growth projects that Li-Cycle undertook in the past and may undertake in the future have been and may continue to be subject to execution and capital cost risks, including, but not limited to, risks relating to regulatory approvals; financing and availability of financing; cost escalations; cash flow constraints; construction delays; supply chain constraints; skilled labor and capital constraints; mechanics and other liens; cost reduction plans and strategic reviews. Li-Cycle has experienced escalating costs for the Rochester Hub project, which resulted in pausing construction work on its Rochester Hub project

since October 2023, pending completion of a comprehensive review of the go-forward strategy for the project. The occurrence of these risks has had a material and adverse impact on Li-Cycle, its liquidity and financial condition, its ability to operate, its workforce and its cash flows.

Financial Condition and Capital Requirements

Li-Cycle incurred a net loss of \$136.7 million for the three months ended March 31, 2024. Li-Cycle expects to incur net losses in the future and may never achieve or sustain profitability. Net losses have had, and will continue to have, an adverse effect on working capital, total assets and shareholders' equity. We have determined under ASC 205 – *Presentation of financial statements*, that there is a substantial doubt regarding Li-Cycle's ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to obtain the necessary financing to meet our obligations and repay our liabilities arising from the ordinary course of business operations when they become due. In addition, Li-Cycle's lithium-ion battery recycling operations are capital-intensive. While we have implemented the Cash Preservation Plan in order to reduce expenses and slow cash outflows and have been evaluating further financing and strategic alternatives, the outcome of these initiatives cannot be predicted with any certainty at this time. There are no assurances that Li-Cycle will be able to address its liquidity needs, including by raising sufficient capital when needed and may therefore need to significantly modify or terminate operations or dissolve and liquidate its assets under applicable bankruptcy laws or otherwise.

As a result of the numerous risks and uncertainties associated with the current status of Li-Cycle's business, even if Li-Cycle is able to address its liquidity needs, Li-Cycle is unable to predict if it will become profitable or maintain profitability. For additional risks, see the risk factor titled "*Li-Cycle has a history of losses and expects to incur significant expenses for the foreseeable future and may never achieve or sustain profitability*" in the section of the Annual Report on Form 10-K titled "*Item 1A. Risk Factors*". Li-Cycle's inability to achieve, and then maintain, profitability would negatively impact its business, financial condition, results of operations, and cash flows.

The Company's ability to satisfy claims of all its creditors in full is uncertain. Losses have been incurred since March 31, 2024 and Li-Cycle expects to incur additional expenses in connection with any future financing or strategic alternative transaction or process and site maintenance costs at the Rochester Hub and general business operations. The Company will incur costs during the construction pause on the Rochester Hub to the potential project re-start date, which the Company expects to fund with current cash and required additional interim funding. In addition, certain payments to contractors and suppliers of the Company have been delayed as a result of the Cash Preservation Plan and management has actively engaged with contractors and suppliers to the Rochester Hub project to negotiate mutually agreeable payment plans. Certain contractors, subcontractors, consultants and suppliers (together, the "**lienors**") have also filed purported mechanic's liens against the Company's interests in certain properties in New York State, under New York Lien Law, given alleged delays in making payments to those lienors. On April 9, 2024, one of the lienors, MasTec, commenced arbitration proceedings to seek recovery of \$48.7 million allegedly due under the construction contract for the Rochester Hub project, plus interest, fees, costs and expenses. Pending the results of the arbitration proceedings, MasTec is also seeking to enforce its lien through a foreclosure action. See "*Part II. Other Information - Item 1. Legal Proceedings*", and "*Part II. Other Information – Item 1A Risk Factors - There is substantial doubt about Li-Cycle's ability to continue as a going concern*" in this Quarterly Report on Form 10-Q and Note 17 (*Commitments and contingencies*) to the Consolidated Financial Statements. Li-Cycle has also incurred and expects to continue to incur significant expenses relating to advisors hired to assist the Company with managing short-term liquidity and implementing liquidity generating initiatives. No assurances can be given that Li-Cycle will be able to pay its creditors in full or that Li-Cycle will not be subject to additional expenses and liabilities in addition to its current expectations.

Employee Matters and Growth Management

On October 31, 2023, the Board authorized a reduction in workforce plan across Li-Cycle. Under our Cash Preservation Plan, the Company is considering taking additional steps to reduce its workforce. On March 25, 2024, the Board approved plans to reduce approximately 17% of the Company's workforce, primarily at the corporate level as part of the Cash Preservation Plan. As a result of the foregoing actions and considering the possibility of further reductions in workforce based on the Company's strategic objectives and the Cash Preservation Plan to right-size and right-shape our organization, Li-Cycle cannot provide any assurance that it will be able to retain adequate staffing levels among its remaining workforce. If employees who were not affected by any reduction in force seek alternative employment, this could require the Company to seek contractor support at unplanned additional expense or otherwise harm our productivity. In addition, on March 25, 2024, as part of the ongoing comprehensive review and Cash Preservation Plan, the Company made the strategic decision to transition from its regional management structure to a centralized model, which resulted in

certain leadership changes. Effective as of March 26, 2024, Tim Johnston ceased serving as the Company's Executive Chair and transitioned to the role of interim non-executive Chair of the Company's Board, Debbie Simpson ceased serving as the Chief Financial Officer of the Company and Richard Storrie ceased serving as the Company's Regional President, EMEA. In addition, Craig Cunningham was appointed as the interim Chief Financial Officer of the Company, Conor Spollen was appointed as the Chief Operating Officer of the Company and Dawei Li was appointed as the Chief Commercial Officer of the Company. The loss or transition of members of its senior management or inability to retain key employees could adversely affect its business. Li-Cycle's success depends on the skills, experience, and performance of its employees, including its senior management.

Notwithstanding the role of the Special Committee in supervising a strategic review of the Company's operations and capital projects, and considering financing and other strategic alternatives, Li-Cycle's executive officers and directors have a significant stake in the Company and are likely to have influence over any critical decisions relating to Li-Cycle. Li-Cycle's executive officers and directors collectively hold, directly or indirectly, approximately 21% of the Company's outstanding common shares as of March 31, 2024. As a result, such individuals are likely to continue to have a significant influence in determining any matters submitted to the shareholders for approval, and to have significant influence in the management and affairs of the Company. The interests of the officers and directors may differ from the interests of other shareholders of Li-Cycle due to various factors.

Share Capital

The price of Li-Cycle's common shares has been and could remain volatile, and the market price of common shares may decrease. From April 1, 2023 to March 29, 2024, the market price of Li-Cycle's common shares has fluctuated from a high of \$6.16 per share to a low of \$0.35 per share. In addition, following the announcement of the pause on the Rochester Hub project on October 23, 2023, the market capitalization of Li-Cycle declined sharply and several shareholder actions were commenced against the Company. These shareholder actions could result in substantial cost to the Company, divert management's attention and resources and harm our business, financial condition and results of operations. See Note 17 (*Commitments and Contingencies*) to the Consolidated Financial Statements.

On December 20, 2023, we received a written notice from the NYSE (the "**Trading Standards Notice**") that we are not in compliance with the continued listing standards set forth in Rule 802.01C of the NYSE Manual because the average closing price of our common shares over a consecutive 30 trading-day period was less than \$1.00. Pursuant to Rule 802.01C, we have a period of six months following the receipt of the Trading Standards Notice to regain compliance with the minimum average closing price requirement. We notified the NYSE within 10 business days of receipt of the Trading Standards Notice of our intent to cure the deficiency. The Trading Standards Notice has no immediate impact on the listing of our common shares, subject to our continued compliance with the NYSE's other continued listing requirements. While we have put forward a proposal to our shareholders at our annual general and special meeting of Shareholders to be held on May 23, 2024 to implement a consolidation of our issued and outstanding common shares on the basis of a consolidation ratio within a range between 2:1 and 8:1, with the ratio to be selected and implemented by the Board of Directors in its sole discretion, if at all, at any time prior to the next annual meeting of shareholders, there can be no assurance that any action taken by us to regain compliance with Rule 802.01C of the NYSE Manual will be successful.

The shareholder rights plan, which was adopted by the Board on October 31, 2023 and amended on March 11, 2024, could make an acquisition of the Company, which may be beneficial to its shareholders, more difficult and may prevent attempts by our shareholders to replace or remove the current members of the Board and management.

Availability of Lithium-Ion Battery Materials for Recycling

Li-Cycle is reliant on obtaining lithium-ion batteries and battery manufacturing scrap for recycling at its Spokes through its contracts with third-party suppliers. The Company maintains commercial contracts with leaders in the EV and LIB ecosystem, including battery manufacturers and automotive original equipment manufacturers, as well as energy storage, consumer electronics and transportation companies. Li-Cycle's cash flows are premised on the expectation that it will attract new suppliers by differentiating itself based on the sustainability of its process and the robustness of its technology, which in turn will enable Li-Cycle to offer competitive terms to suppliers.

There can be no assurance that Li-Cycle will attract new suppliers or expand its supply pipeline from existing suppliers, or that its relationship, including payment terms, with current suppliers will not continue to be adversely affected as a result of the current status of its business, the Company's ability to make timely payments to suppliers and any decline

in supply volume from existing suppliers or an inability to source new supplier relationships could have a negative impact on Li-Cycle's results of operations and financial condition.

Customer Demand for Recycled Materials

Li-Cycle currently recognizes revenue from, among other things, sales of products consisting primarily of Black Mass & Equivalents, shredded metal and recycling services. If the Rochester Hub becomes operational on the basis of the MHP scope, and Li-Cycle starts processing black mass internally, then Li-Cycle expects to recognize revenue from the sale of critical battery materials such as lithium carbonate and MHP. Refer to the section titled "*—Update on Strategic Priorities and Business Outlook*" above for further details. The demand for Li-Cycle's recycling services and products is driven in part by the demand for EVs (including automobiles, e-bikes, scooters, buses and trucks) and other energy storage systems. A decline in the adoption rate of EVs, or a decline in the support by governments for "green" energy technologies could reduce the demand for Li-Cycle's products and recycling services.

Li-Cycle has entered into two agreements with Traxys covering the off-take of black mass from its Spokes in North America and certain future specialty products from the Rochester Hub. Refer to the subsection titled "*Diversified In-Take and Off-Take Commercial Contracts - Off-Take Commercial Contracts for Black Mass and Battery Grade Materials*" in the section of the Annual Report on Form 10-K titled "*Item 1. Business*". Li-Cycle has also entered into additional off-take agreements with Glencore, covering substantially all of its other Spoke and future Hub products. On March 25, 2024, pursuant to the terms of the Allocation Agreement dated as of March 25, 2024 by and among the Company, certain of its affiliates, Traxys and Glencore Ltd. (the "**Allocation Agreement**"), Traxys waived its rights over 50% of the volume of black mass and refined products that would otherwise have been sold to Traxys under the Company's existing commercial agreements with Traxys, and such material has been deemed to be Glencore-committed material under the terms of the Company's existing commercial agreements with Glencore.

If the Company or its off-take partners are unwilling or unable to fulfil their respective contractual obligations, if either party fails to perform under the relevant contract, or if these off-take partners otherwise terminate these agreements prior to their expiration, the Company's business could suffer and Li-Cycle may not be able to find other off-take partners on similar or more favorable terms, which could have a material adverse effect on its business, results of operations and financial condition.

Li-Cycle relies on a limited number of customers from whom it generates most of its revenue. Li-Cycle has focused its commercial activities on supporting key OEM and strategic partners. By focusing on the intake of EV battery packs and modules, including damaged and defective materials, the Company is increasing its opportunity to earn recycling service revenues. The Company directly sells a portion of its products to third parties under short term contracts. The Company is also seeking to maximize the commercial value of its purchased battery cell manufacturing scrap by re-selling a portion of these materials, whether directly or after processing through the ancillary lines at its Spokes, directly to third parties, primarily in the Asia-Pacific region. In selling directly to third parties, the Company may assume additional risks, including credit risk and transportation risk. Given that these third-party contracts are generally short-term commitments, there can be no assurances that the Company will continue to obtain or renew such contracts on similarly favorable terms, which could have a material adverse effect on the Company's business, results of operation and financial condition.

Fluctuations in Commodity Prices

The prices that Li-Cycle pays for battery feedstock for its Spokes, and the revenue that Li-Cycle recognizes from the sale of products, are impacted by the commodity prices for the metals contained in those battery feedstocks or products, notably nickel, cobalt, lithium and copper. In addition, Li-Cycle's financial results are dependent on the volume of metals contained in the battery feedstock purchased and products sold, each of which is subject to fluctuations in commodity prices.

As a result, fluctuations in the prices of these commodities affect Li-Cycle's costs and revenues. If the Rochester Hub becomes operational on the basis of the MHP scope, and Li-Cycle starts processing black mass internally, then Li-Cycle expects to recognize revenue from the sale of critical battery materials such as lithium carbonate. The amount of revenue that Li-Cycle will recognize from the sale of these Hub products will also be impacted by the commodity prices for the metals contained in these Hub products, notably lithium, nickel, cobalt, and copper. While Li-Cycle's costs and revenues may vary with commodity prices and specialty product prices, the Company believes the range of end products that Li-Cycle expects to produce will result in a diversification effect that will provide it with a natural hedge against significant variations in the commodity pricing related to a single product.

Ability to Build Out Additional Facilities

Li-Cycle's future growth and profitability is dependent on its ability to scale the business, and build out additional facilities in North America and internationally. Prior to the pause on the Rochester Hub project and the implementation of the Cash Preservation Plan, Li-Cycle had operational Spokes in Kingston, Ontario, Rochester, New York, Gilbert, Arizona and Tuscaloosa, Alabama, and was advancing the construction of its first commercial Hub, in Rochester, New York. Li-Cycle had also opened its first European Spoke, in Germany, and had announced plans for its first European Hub in partnership with Glencore in Portovesme, Italy.

Following the pause on the Rochester Hub project on October 23, 2023, as part of the Cash Preservation Plan, the Company executed a workforce reduction plan across the organization, paused production at its Ontario Spoke, reduced levels of BM&E production at its remaining operating Spokes in North America and suspended the development of certain Spoke projects, among other actions and expects to take similar actions in the future. The Company continues to conduct a comprehensive review of the go-forward strategy of its business and there can be no assurance that any resulting strategy will result in Li-Cycle growing or achieving profitability, even assuming that it is first successful in identifying and implementing any further financing option or strategic alternatives to address its liquidity issues. Even if the development of Li-Cycle's Rochester Hub and full operations at its Spoke network and other future projects were able to resume, which is uncertain and may not occur in part or at all, all such projects and operations will continue to be subject to risks, including engineering, financing and availability of financing, permitting, procurement, contracting, construction, commissioning, staffing and ramp-up, and Li-Cycle cannot guarantee that these projects will be completed within expected timeframes or at all, that costs will not be significantly higher than estimated, that it will have sufficient capital to cover any increased costs or that the completed projects will meet expectations with respect to their production rates, unit costs or specifications of their end products, among others. Refer to the section titled "*Update on Strategic Priorities and Business Outlook*" and the risk factor "*The development of Li-Cycle's Rochester Hub, Spoke network and other future projects is subject to risks, including with respect to financing, engineering, permitting, procurement, construction, commissioning and ramp-up, and Li-Cycle cannot guarantee that these projects will be resumed, completed in a timely manner or at all, that their costs will not be significantly higher than estimated, that financing will be sufficient to cover costs or escalated costs, or that the completed projects will meet expectations with respect to their productivity or the specifications of their respective end products, among others.*" in the section of the Annual Report on Form 10-K titled " *Item 1A. Risk Factors—Risks Relating to Li-Cycle's Business*" for additional details.

General Economic Conditions and Global Supply Chain

Li-Cycle's operations, costs and timelines may be affected by global economic or geopolitical conditions, including recessions, slow economic growth, economic and pricing instability, inflation levels, increase of interest rates and credit market volatility, all of which could impact demand in the worldwide transportation industries or otherwise have a material adverse effect on Li-Cycle's business, results of operations and financial condition. For example, Russia's invasion of Ukraine and the war in the Middle East have and may continue to disrupt the global supply chain. Shortages, price increases and/or delays in shipments of supplies, equipment and raw materials have occurred and may continue to occur in the future which may result in increased operational or construction costs or operational or construction slowdowns. Inflation can also adversely affect us by increasing the costs of labor, materials and other costs required to manage and grow our business. This may affect our capital projects, including the Rochester Hub project, which could increase our capital costs, and our Spoke operations, which could reduce our profit margins and returns. In addition, inflation is often accompanied by higher interest rates. The potential impact of high interest rates and the uncertainty regarding future rate increases, may increase uncertainty and volatility in the global financial markets. In addition, the possibility of high inflation and an extended economic downturn could reduce our ability to incur debt or access capital and adversely impact our business, results of operations and financial condition. If current global market and political conditions continue or worsen, Li-Cycle's business, results of operations and financial condition could be materially adversely affected.

Research and Development

Li-Cycle continues to conduct R&D centered on various aspects of its business at reduced levels while the Company conducts a comprehensive review of its go-forward strategy.

Results of Operations

\$ millions, except per share data	Three months ended March 31,		
	2024	2023	Change
Financial highlights			
Revenue	\$ 4.2	\$ 3.6	0.6
Cost of sales	(16.8)	(19.1)	2.3
Selling, general and administrative expense	(31.7)	(22.7)	(9.0)
Research and development	0.1	(0.9)	1.0
Other income (expense)	(92.5)	2.7	(95.2)
Income tax	—	(0.1)	0.1
Net loss	(136.7)	(36.5)	(100.2)
Adjusted EBITDA ¹ loss	(27.4)	(37.9)	10.5
Loss per common share - basic and diluted	(0.76)	(0.21)	(0.55)
Net cash used in operating activities	\$ (29.1)	\$ (22.4)	(6.7)

As at	March 31, 2024	December 31, 2023	Change
Cash, cash equivalents and restricted cash	\$ 118.7	\$ 80.3	38.4

¹ Adjusted EBITDA is a non-GAAP financial measure and does not have a standardized meaning under U.S. GAAP. Refer to the section titled "Non-GAAP Reconciliations and Supplementary Information" below, including a reconciliation to comparable U.S. GAAP financial measures.

Revenue

Li-Cycle recognizes revenue from: (i) sales of products, including Black Mass & Equivalents, and shredded metal; and (ii) providing services relating to recycling of LIB, which includes coordination of inbound logistics and recycling and destruction of batteries. Sales of products are presented net of fair value gains or losses recognized in the period. Refer to the section titled "— Material Accounting Policies and Critical Estimates" below for additional details on the Company's revenue recognition policy.

\$ millions, except sales volume	Three months ended March 31,	
	2024	2023
Product revenue	\$ 2.3	\$ 7.2
Recycling service revenue	2.3	0.5
Revenue before fair value pricing adjustments	4.6	7.7
Fair value pricing adjustments	(0.4)	(4.1)
Revenue	\$ 4.2	\$ 3.6
Tonnes of BM&E sold	946	881

For the three months ended March 31, 2024, revenue increased to \$4.2 million, compared to \$3.6 million in the three months ended March 31, 2023, primarily due to an increase in recycling service revenue as well as changes in fair value pricing adjustments, which were partially offset by a decrease in product revenue. Product revenue, net of fair market value adjustments, decreased by \$1.2 million or 39% for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, despite a 7% increase in volume of products sold, primarily as result of a change in the mix of constituent payable metals in the products sold as compared to the three months ended March 31, 2023, as well as unfavorable commodity prices when compared to the previous period.

The following tables set out the period end and period average commodity prices for cobalt and nickel:

		Market price per tonne		Average market price per tonne	
		As at March 31,		Three months ended March 31,	
		2024	2023	2024	2023
Cobalt	\$	27,778 \$	35,935 \$	27,756 \$	35,458
Nickel		16,525	23,050	16,600	25,737

Revenue for the three months ended March 31, 2024 was impacted by unfavorable fair value pricing adjustments of \$0.4 million, compared to unfavorable fair value pricing adjustments of \$4.1 million for the three months ended March 31, 2024. As of March 31, 2024, 1,124 metric tonnes of Black Mass & Equivalents were subject to fair value pricing adjustments. Depending on the contractual terms, the BM&E could take up to 12 months to settle after shipment. The table below shows the expected settlement dates for the metric tonnes of BM&E subject to fair value price adjustments by quarter for the last sixteen months:

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
271+ days	—	248	1,662	2,450	1,154
181-270 days	248	151	557	743	583
91-180 days	151	1,372	743	668	925
1-90 days	725	542	1,312	1,116	1,697
Total metric tonnes	1,124	2,313	4,274	4,977	4,359

Recycling service revenue increased \$1.8 million or 360% for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily as a result of new service contracts entered after the first quarter of 2023.

Cost of sales

Cost of revenue attributable to product sales includes direct and indirect materials, labor costs, manufacturing overheads, including depreciation, logistics, maintenance, and facility related expenses. Cost of sales attributable to product revenue also includes charges to write down the carrying value of inventory when it exceeds its estimated net realizable value.

Cost of sales attributable to service revenue includes the cost of the battery materials acquired with the service contract with the remaining product conversion cost being included in cost of sales attributable to product sales.

The Company's operating Spokes continue to advance through the early operational phase as of the quarter ended March 31, 2024. While, cost of sales attributable to product revenue decreased \$3.2 million or 17% for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 as a result of decreased production levels, the decrease was partially offset by increased operational costs associated repair and maintenance activities due to inconsistent throughput and limited operating history.

Cost of sales attributable to service revenue increased by \$0.9 million or 100% for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 due to new service contracts entered into after the first quarter of 2023.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$9.0 million or 40% for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily as a result of increased professional and legal fees of \$7.9 million, primarily due to professional fees related to the Rochester Hub construction pause and legal fees incurred as a result of the three shareholder lawsuits and mechanic's liens filed following the construction pause at the Rochester Hub (See Note 17 (*Commitments and contingencies*) to the Consolidated Financial Statements) and severance expense associated with the Company's reduction in workforce announced in March 2024 of \$5.1 million, partially offset by decreases of \$2.4 million related to recurring personnel costs and \$1.3 million in other administrative costs.

Research and development

For the three months ended March 31, 2024, research and development was an income of \$0.1 million, compared to an expense of \$0.9 million in the corresponding period in 2023. The \$0.1 million income in research and development

for the three months ended March 31, 2024 was due to research and development costs related to the Planned Portovesme Hub, which were expensed in the fourth quarter of 2023 and refunded by Glencore in accordance with our cost sharing agreement with Glencore.

Other income (expense)

Other income (expense) consists of interest income, foreign exchange gain or loss, interest expense, and fair value gain (loss) on financial instruments. Interest expense represents interest paid in kind ("**PIK interest**"), actual cash interest costs incurred and any accrued interest payable at a future date, net of interest costs capitalized for qualifying assets where they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

For the three months ended March 31, 2024, other income (expense) was an expense of \$92.5 million compared to other income of \$2.7 million in the corresponding period of 2023. The expense for the three months ended March 31, 2024 was primarily related to debt extinguishment loss of \$58.9 million and unrealized fair value loss on financial instruments of \$23.8 million as a result of the amendment and restatement of the terms of the Glencore Unsecured Convertible Notes in connection with the issuance of the Glencore Senior Secured Convertible Note, a decrease in interest income of \$4.4 million related to lower short term interest-bearing cash investments, partially offset by foreign exchange gains of \$1.1 million as a result of favorable changes in currency rates.

Net loss

Net loss was \$136.7 million in the three months ended March 31, 2024, compared to net loss of \$36.5 million in the comparative period in 2023. Net loss for the three months ended March 31, 2024 was driven by the factors discussed above, primarily by the increase in the selling, general and administrative expenses, and the increase in other expense.

Adjusted EBITDA loss

Adjusted EBITDA loss was \$27.4 million in the three months ended March 31, 2024, compared to \$37.9 million in the corresponding period of 2023. The primary difference between Adjusted EBITDA loss and net loss for the period is the exclusion of the debt extinguishment loss of \$58.9 million related to the Glencore Unsecured Convertible Notes (see Note 14 to the Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q), as well as unrealized fair value gains on financial instruments, interest income, interest expense, and depreciation.

A reconciliation of Adjusted EBITDA loss to net loss is provided in the section titled " *Non-GAAP Reconciliations and Supplementary Information*" below.

Non-GAAP Reconciliations and Supplementary Information

The Company uses the non-GAAP measure of Adjusted EBITDA. Management believes that this non-GAAP measure provides useful information to investors in measuring the financial performance of the Company and is provided as additional information to complement U.S. GAAP measures by providing a further understanding of the Company's results of operations from management's perspective. Adjusted EBITDA does not have a standardized meaning prescribed by U.S. GAAP and the term therefore may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with U.S. GAAP. Accordingly, it should not be considered in isolation nor as a substitute for the analysis of the Company's financial information reported under U.S. GAAP.

Adjusted EBITDA is defined as earnings before depreciation and amortization, interest expense (income), income tax expense (recovery) adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods. Adjustments relate to fair value loss on financial instruments, debt extinguishment loss and certain non-recurring expenses. Foreign exchange (gain) loss is excluded from the calculation of Adjusted EBITDA. The following table provides a reconciliation of net loss to Adjusted EBITDA (loss).

unaudited \$ millions	Three months ended March 31,		
	2024	2023	
Net loss	\$ (136.7)	\$ (36.5)	
Income tax	—	(0.1)	
Depreciation and amortization	4.2	1.9	
Interest expense	11.5	1.1	
Interest income	(0.6)	(5.0)	
EBITDA (loss)	\$ (121.6)	\$ (38.6)	
Debt extinguishment loss	58.9	—	
Restructuring fees ¹	11.5	—	
Fair value loss on financial instruments ²	23.8	0.7	
Adjusted EBITDA (loss)	\$ (27.4)	\$ (37.9)	

¹ Restructuring charges include: expense related to the workforce reduction approved by the Board on March 25, 2024 which provided certain executives and non-executives with contractual termination benefits as well as one-time termination benefits; Special Committee retainers; professional fees, including legal fees incurred as a result of the three shareholder suits and the mechanic's liens filed following the construction pause at the Rochester Hub; and expenses related to the implementation of the Cash Preservation Plan.

² Fair value loss on financial instruments relates to convertible debt.

Operational Updates

unaudited \$ millions, except production data in tonnes	Three months ended March 31,		
	2024	2023	Change
Operational Highlights			
Capital Expenditure	\$ 6.2	\$ 86.3	93%
Production - Black Mass & Equivalents	1,319	1,853	29%

Capital Expenditure

Capital expenditures for the three months ended March 31, 2024 were \$6.2 million, compared to \$86.3 million in the three months ended March 31, 2023. The \$6.2 million capital expenditures in the three months ended March 31, 2024 primarily consisted of payments for equipment and construction materials purchased during previous periods for the Rochester Hub and the Germany Spoke. The decrease in capital expenditures for the three months ended March 31, 2024 was due to the pause of construction at the Rochester Hub whereas capital expenditures for the three months ended March 31, 2023 were primarily driven by purchases of equipment and construction materials for the Rochester Hub.

Production – Black Mass & Equivalents

The Company produced 1,319 tonnes of Black Mass & Equivalents in the three months ended March 31, 2024, compared to 1,853 tonnes in the corresponding period of 2023. The decrease in production of BM&E was primarily attributable to the pause and slow down of operations at our North America Spokes.

Development of Spoke & Hub Network

Li-Cycle has three operational Spokes in North America (the New York Spoke, the Arizona Spoke and the Alabama Spoke) and one new operational Spoke in Europe (the Germany Spoke, which commenced operations in August 2023). Since October 23, 2023, production at the Ontario Spoke has been paused.

The table below outlines current installed Spoke capacity as at March 31, 2024, by Spoke location:

Annual material processing capacity (in tonnes)	Main Line ¹	Ancillary Processing			Total Processing Capacity
		Dry Shredding ²	Powder Processing ³	Baling ⁴	
New York Spoke	5,000	—	3,000	—	8,000
Arizona Spoke	10,000	5,000	3,000	5,000	23,000
Alabama Spoke	10,000	5,000	—	—	15,000
Germany Spoke	10,000	—	—	—	10,000
Available Spoke Capacity	35,000	10,000	6,000	5,000	56,000

Notes

- ¹ Processes materials using Li-Cycle's patented submerged shredding process or "wet shredding" specifically for battery materials that contain electrolyte and have risk of thermal runaway.
- ² Processes materials that do not contain electrolyte, and therefore have less risk of thermal runaway.
- ³ Processes cathode powders to minimize dusting in downstream processes.
- ⁴ Processes cathode foils into formed cubes for optimizing logistics and downstream processing.

The Company processes end-of-life batteries and certain manufacturing scrap at its Spoke main lines to produce black mass and shredded metal. Other manufacturing scrap acquired by the Company may be processed at the Company's ancillary lines to produce intermediate products or sold directly third parties.

Li-Cycle's first commercial Hub was under construction in Rochester, New York until October 23, 2023, when the Company announced a construction pause on its Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The Rochester Hub is expected to have a nameplate input capacity to process 35,000 tonnes of BM&E annually (equivalent to approximately 90,000 tonnes or 18 GWh of LIB equivalent feed annually). The facility is expected to have an output capacity of battery grade materials including approximately 7,500 to 8,500 tonnes per annum of lithium carbonate. The Company expects to continue to pause or slow down operations at its operational Spokes in North America as it reviews the future timing and BM&E needs of the planned Rochester Hub. The Company will also continue to re-evaluate its strategy for bringing on additional Spoke and Hub capacity in the mid-term. See "*Update on Strategic Priorities and Business Outlook*", above.

Liquidity and Capital Resources

Overview

Until 2020, Li-Cycle was a development stage company with no commercial revenues. To date, Li-Cycle has financed its operations primarily through proceeds received in connection with: (i) the Business Combination; (ii) the PIPE Financing; and (iii) private placements of other Li-Cycle securities (including convertible notes and common shares).

As at March 31, 2024, the Company had \$109.1 million of cash and cash equivalents on hand and convertible debt of \$447.7 million. Li-Cycle has no material debt maturities until May 31, 2027. For the three months ended March 31, 2024, the Company's net loss and net cash used in operating activities amounted to \$136.7 million and \$29.1 million, respectively. The Company has also incurred significant losses since its inception. The Company's primary need for liquidity is to fund working capital requirements of its business during its comprehensive review of the Rochester Hub and go-forward strategy in addition to funding existing and remaining capital commitments related to its Rochester Hub. On October 23, 2023, the Company announced that it was pausing construction work on its Rochester Hub, due to escalating costs, pending completion of a comprehensive review of the go-forward strategy for the project, which in turn led to the establishment of the Special Committee and the implementation of the Cash Preservation Plan, among other initiatives aimed at strengthening the Company's financial position and enhancing its liquidity. Refer to the sections entitled "*Recent Liquidity Developments*" and "*Update on Strategic Priorities and Business Outlook*" above for further details.

The Company expects to finance its operations primarily through cash flows from operations and additional external financing. The Company has a declining cash balance notwithstanding the implementation of the Cash Preservation Plan. As a result, without alternative short or long-term financing in the near term, the Company will not have sufficient cash and cash equivalents on hand or other resources to support current operations for the twelve months following the filing of this Quarterly Report on Form 10-Q. This casts substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to secure additional funding, under reasonable commercial terms or at all. Furthermore, any additional financing, may be insufficient to provide liquidity for ongoing operations, to fund the Company's future growth or capital projects, including the Rochester Hub or otherwise satisfy any of the Company's funding needs and obligations, and additional financing may have restrictive covenants that significantly limits the Company's operating and financial flexibility or its ability to obtain future financing.

In addition, there are inherent risks associated with the ability of the Company to execute its growth strategy and there can be no assurance that the Company will develop the manufacturing capabilities and processes, secure reliable sources of component supply to meet quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business. These factors have led the Company to take steps to preserve its current cash position through the Cash Preservation Plan, including reducing headcount and

spending, extending payment cycles and implementing other similar measures. There are no assurances that Li-Cycle will be able to address its liquidity needs, including by raising sufficient capital when needed, and Li-Cycle may therefore need to significantly modify or terminate operations or dissolve and liquidate our assets under applicable bankruptcy laws or otherwise.

The Company has evaluated whether there are conditions and events, considered in the aggregate and including the ones mentioned above, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the Consolidated Financial Statements are issued. Based on its recurring losses from operations since inception and continued cash outflows from operating activities, including funding capital commitments related to the Rochester Hub, the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that the Consolidated Financial Statements are issued.

Cash Flows Summary

Presented below is a summary of Li-Cycle's operating, investing, and financing cash flows for the three months ended March 31, 2024 and March 31, 2023:

\$ millions	Three months ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (29.1)	\$ (22.4)
Net cash used in investing activities	(6.2)	(86.3)
Net cash provided by financing activities	73.7	—
Net change in cash, cash equivalents and restricted cash	\$ 38.4	(108.7)

Cash and Cash Equivalents

Cash, cash equivalents and restricted cash were \$118.7 million as at March 31, 2024, compared to \$80.3 million as at December 31, 2023. Cash, cash equivalents and restricted cash as at March 31, 2024 included proceeds received from the issuance of the Glencore Senior Secured Convertible Note and restricted cash of \$9.6 million, of which \$2.9 million is held as security for waste disposal obligations related to the Germany Spoke operations and \$5.5 million is a bank guarantee against a reservation fee for future battery waste recycling services. Additionally, restricted cash also includes funds held as cash collateral with a bank as security for credit cards and a performance bond.

Net Cash Used in Operating Activities

For the three months ended March 31, 2024, net cash used in operating activities were approximately \$29.1 million, compared to \$22.4 million in the corresponding period of 2023 and were driven by an increase in selling, general and administrative expenses including increases in professional fees primarily related to legal fees incurred as a result of the three shareholder suits and mechanic's liens filed following the construction pause at the Rochester Hub as well as increases in severance costs as a result of the workforce reduction announced in March 2024. The workforce reduction provides certain executives and non-executives with contractual termination benefits as well as one-time termination benefits. The Company recorded the expense of \$0.4 million in cost of sales and \$5.1 million in selling, general and administrative expense.

Net Cash Used in Investing Activities

For the three months ended March 31, 2024, net cash used in investing activities were \$6.2 million, and primarily consisted of payments for equipment and construction materials purchased during previous periods for the Rochester Hub and Germany Spoke, compared to net cash used in the investing activities of \$86.3 million in the corresponding period of 2023. Net cash used in investing activities in the three months ended March 31, 2023 were driven by the capital investment in the Rochester Hub and acquisition of equipment and construction materials for the Rochester Hub.

Net Cash Provided by Financing Activities

For the three months ended March 31, 2024, net cash provided by financing activities were \$73.7 million, compared to \$nil in the corresponding period of 2023, and were primarily driven by \$75.0 million of gross proceeds

received from the issuance of the Glencore Senior Secured Convertible Note on March 25, 2024 net of \$1.3 million of transaction costs.

Debt Obligations

KSP Convertible Notes

On September 29, 2021, the Company entered into a Note Purchase Agreement (the “**KSP Note Purchase Agreement**”) with Spring Creek Capital, LLC (an affiliate of Koch Strategic Platforms, LLC, being a subsidiary of Koch Investments Group) and issued an unsecured convertible note (the “**KSP Convertible Note**”) for a principal amount of \$100 million to Spring Creek Capital, LLC. The KSP Convertible Note will mature on September 29, 2026, unless earlier repurchased, redeemed or converted. Interest on the KSP Convertible Note is payable semi-annually, and Li-Cycle is permitted to pay interest on the KSP Convertible Note in cash or by payment in-kind (“**PIK**”), at its election. Initially, interest payments made in cash were based on an interest rate of LIBOR plus 5.0% per year, and PIK interest payments were based on an interest rate of LIBOR plus 6.0% per year, with a LIBOR floor of 1% and a cap of 2%. Since July 1, 2023, as the LIBOR interest rate is no longer published, under the terms of the KSP Note Purchase Agreement, the interest rate is instead based on the sum of the Secured Overnight Financing Rate (“**SOFR**”) and the average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceases to be published, subject to a floor of 1% and cap of 2%. On March 25, 2024, the terms of the KSP Convertible Note were modified to removing the SOFR floor of 1% and cap of 2% and including penalty interest upon an event of default consistent with the penalty interest provision of the Glencore Senior Secured Convertible Note, as described below under “—Liquidity and Capital Resources—Debt Obligations—Glencore Senior Secured Convertible Note”. The amendment was accounted for as a debt modification in accordance with ASC 470-50 - Debt Modifications or Extinguishments and no gain or loss was recognized. The PIK election results in the issuance of a new note under the same terms as the KSP Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. The Company has elected to pay interest by PIK since the first interest payment date of December 31, 2021. The KSP Convertible Note and the PIK notes issued thereunder are referred to collectively as the “**KSP Convertible Notes**”, and as at March 31, 2024, comprised the following:

Note	Date Issued	Amount Issued
Initial KSP Note	September 29, 2021	\$ 100.0
PIK Note	December 31, 2021	1.8
PIK Note	June 30, 2022	4.1
PIK Note	December 31, 2022	4.3
PIK Note	June 30, 2023	4.4
PIK Note	December 31, 2023	4.7
Total		\$ 119.3

On May 1, 2022, Spring Creek Capital, LLC assigned the KSP Convertible Note and the PIK note outstanding at that time to an affiliate, Wood River Capital, LLC. On May 5, 2022, the KSP Convertible Notes were amended to permit the issuance of the Glencore Unsecured Convertible Note and to amend certain investor consent related provisions. The KSP Convertible Notes were further amended on February 13, 2023 to clarify the conversion calculation

The principal and accrued interest owing under the KSP Convertible Notes may be converted at any time by the holder into the Company's common shares, at a per share price equal to \$13.43 (the "**Conversion Price**"). If the closing price per share of the Company's common shares on the New York Stock Exchange is above \$17.46 for 20 consecutive trading days, then the Company may elect to convert the principal and accrued interest owing under the KSP Convertible Notes, plus a make-whole amount equal to the undiscounted interest payments that would have otherwise been payable through maturity (the "**Make-Whole Amount**") into the Company's common shares at the Conversion Price.

The Company may redeem the KSP Convertible Notes at any time by payment in cash of an amount equal to 130% of the principal amount of the KSP Convertible Notes and all accrued interest owing under the KSP Convertible Notes, plus the Make-Whole Amount.

The principal and accrued interest owing under the KSP Convertible Notes may be converted at any time by the holder into the Company's common shares at a per share price equal to \$13.43. If the closing price per share of the Company's common shares on the New York Stock Exchange is above \$17.46 for twenty consecutive trading days, the Company may elect to convert the principal and accrued interest owing under the KSP Convertible Notes, plus a make-whole amount equal to the undiscounted interest payments that would have otherwise been payable through maturity (the "Make-Whole Amount"), into the Company's common shares at the then applicable conversion price.

The Company may redeem the KSP Convertible Notes at any time by payment of an amount in cash equal to 130% of the principal amount of the KSP Convertible Notes and all accrued interest owing under the KSP Convertible Notes, plus the Make-Whole Amount. Upon a change of control transaction, the Company will be required to redeem the KSP Convertible Notes by payment of an amount in cash equal to the outstanding principal amount of the KSP Convertible Notes and all accrued interest owing under the KSP Convertible Notes, plus the Make-Whole Amount. The KSP Convertible Notes are subject to certain events of default, the occurrence of which would give the holder the right to require the Company to redeem the KSP Convertible Notes by payment of an amount in cash equal to the outstanding principal amount of the KSP Convertible Notes and all accrued interest owing under the KSP Convertible Notes, plus the Make-Whole Amount.

The obligations of the Company to make any payment on account of the principal of and interest on the KSP Convertible Notes are subordinated and junior in right of payment and upon liquidation to the Company's obligations to the holders of all current and future senior indebtedness of the Company. As at March 31, 2024, no conversions or redemptions of the KSP Convertible Notes have taken place.

A&R Glencore Convertible Notes

On May 31, 2022, the Company issued to Glencore an unsecured convertible note in the aggregate principal amount of \$200 million (the "**Glencore Unsecured Convertible Note**"), in a transaction exempt from registration under the U.S. Securities Act of 1933, as amended. The Glencore Unsecured Convertible Note matures five years from the date of issuance and interest on the Glencore Unsecured Convertible Note is payable on a semi-annual basis, either in cash or by PIK, at the Company's option. The Glencore Unsecured Convertible Note accrues interest from the date of issuance at the forward-looking term rate based on SOFR for a tenor comparable to the relevant interest payment period plus 0.42826% (the "**Floating Rate**") plus 5% per annum if interest is paid in cash and plus 6% per annum if interest is paid in PIK. The Floating Rate has a floor of 1% and a cap of 2%. The Company has elected to pay interest by PIK since the first interest payment date on the Glencore Unsecured Convertible Note of November 30, 2022. The Glencore Unsecured Convertible Note and the PIK notes issued thereunder are referred to collectively as the "**Glencore Unsecured Convertible Notes**".

The principal and accrued interest owing under the Glencore Unsecured Convertible Notes may be converted at any time by the holder into the Company's common shares at a per share price equal to \$9.95 (the "**Conversion Price**"), subject to adjustments. The Company may redeem the Glencore Unsecured Convertible Notes at any time by payment of an amount in cash equal to 100% of the outstanding principal amount of the Glencore Unsecured Convertible Notes and all accrued interest owing under the Glencore Unsecured Convertible Notes. In connection with any optional redemption and provided that the holder of the Glencore Unsecured Convertible Notes has not elected to convert the Glencore Unsecured Convertible Notes into common shares following receipt of an optional redemption notice, the Company must issue warrants (the "**Glencore Warrants**") to the holder of the Glencore Unsecured Convertible Notes on the optional redemption date that entitle the holder to acquire, until the maturity date of the Glencore Unsecured Convertible Notes, a number of common shares equal to the principal amount of the Glencore Unsecured Convertible Notes being redeemed divided by the then applicable Conversion Price. The initial exercise price of the Glencore Warrants will be equal to the Conversion Price as of the optional redemption date.

The obligations of the Company to make any payment on account of the principal of and interest on the Glencore Unsecured Convertible Notes are subordinated and junior in right of payment and upon liquidation to the Company's obligations to the holders of all current and future senior indebtedness of the Company. The Glencore Unsecured Convertible Notes were amended on February 13, 2023 to clarify the conversion calculation.

On March 25, 2024, Glencore and the Company amended and restated the terms of the Glencore Unsecured Convertible Notes, in two tranches (and such resulting two tranches of the amended and restated unsecured convertible note, the **"A&R Glencore Convertible Notes"**). Each A&R Glencore Convertible Notes includes an event-driven modification to the Glencore Unsecured Convertible Note, with the first such modification occurring on the date (the **"First Modification Date"**) that is the earlier of (a) the date that is one month after the effectiveness and initial funding, if any, of a project loan financing for the Company's Rochester Hub, and (b) December 31, 2024, and the second such modification occurring on the date (the **"Second Modification Date"**) with either the First Modification Date or the Second Modification Date referred to herein as a **"Modification Date"**) that is the earliest to occur of (a) the first commercial production from the Rochester Hub, (b) construction costs exceeding the construction budget set forth in the project loan financing, and (c) June 1, 2026. Upon the occurrence of each Modification Date, the terms of the applicable Glencore Unsecured Convertible Note shall mirror the following terms of the Glencore Senior Secured Convertible Note: the maturity will be amended to be five (5) years from the applicable Modification Date, the interest rate will be amended to match the interest rate applicable to the Glencore Senior Secured Convertible Note, mandatory redemption will be required (including, from the First Modification Date and the Second Modification Date, the amount equal to a specified percentage of the excess cash flow generated by the Company and its subsidiaries for the applicable fiscal year (less certain deductions and subject to pro rata application to certain other debt of the Company) in a pro rata amount across the A&R Glencore Convertible Notes (to the extent modified) and the Glencore Senior Secured Convertible Note), and the Company will provide guarantees and security for the A&R Glencore Convertible Notes consistent with the Glencore Senior Secured Convertible Note. In addition, at each Modification Date, the conversion price for the applicable tranche will be adjusted to be the lesser of (x) an amount determined on the basis of a 30-Day VWAP having a reference date equal to applicable Modification Date plus a 25% premium per share, and (y) \$9.95 per share (the current conversion price of the A&R Glencore Convertible Notes).

The Company elected to pay interest by PIK since the first interest payment on the A&R Glencore Convertible Notes on November 30, 2022. As at March 31, 2024, the A&R Glencore Convertible Notes comprised the following:

Note	Date Issued	Amount Issued
First A&R Glencore Note	March 25, 2024	\$ 116.6
Second A&R Glencore Note	March 25, 2024	114.6
Total		\$ 231.2

Glencore Senior Secured Convertible Note

On March 11, 2024, the Company entered into the Glencore Senior Secured Convertible Note Purchase Agreement to issue the Glencore Senior Secured Convertible Note in an aggregate principal amount of \$75.0 million to an affiliate of Glencore plc. The issuance and sale of the Glencore Senior Secured Convertible Note was completed on March 25, 2024.

The Glencore Senior Secured Convertible Note matures on the fifth anniversary of the closing. Interest on the Glencore Senior Secured Convertible Note is payable either in cash or by payment-in-kind (**"PIK"**) at the Company's election, on a semi-annual basis from the date of issuance, and will be based on the secured overnight financing rate plus five percent (5%) per annum if interest is paid in cash and plus six percent (6%) per annum if interest is paid in PIK. In the case that an event of default has occurred and is continuing, the interest rate will be the rate stated above, plus one percent (1%) per annum (which additional 1% will be payable in cash).

The principal and accrued interest owing under the Glencore Senior Secured Convertible Note may be converted at any time by the holder into common shares in the capital of the Company at a conversion price of \$0.53 per share (the **"Glencore Senior Secured Convertible Note Conversion Price"**).

The Company may redeem all or any portion of the Glencore Senior Secured Convertible Note at any time by payment of an amount in cash equal to 100% of the principal amount of the portion of the Glencore Senior Secured Convertible Note being redeemed plus all accrued and unpaid interest thereon. Commencing with the delivery of financial statements for the fiscal year ending December 31, 2026, the Company will be required to redeem a portion of the

outstanding principal amount of the Glencore Senior Secured Convertible Note in an amount equal to a specified percentage of the excess cash flow generated by the Company and its subsidiaries for the applicable fiscal year (less certain deductions and subject to pro rata application to certain other debt of the Company). The Company is also required to redeem the Glencore Senior Secured Convertible Note for an amount in cash equal to the outstanding principal amount of the Glencore Senior Secured Convertible Note being redeemed and all accrued and unpaid interest thereon, plus a make-whole amount equal to the undiscounted interest payments that would have otherwise been payable through maturity (the **"Make-Whole Amount"**) in the event of: (1) certain events of default that are continuing, upon request by the holder, (2) certain bankruptcy-related events of default, and (3) upon a change of control transaction, unless, in each case, the Glencore Senior Secured Convertible Note is first converted by the holder.

In connection with any optional or mandatory redemption and provided that the holder of the Glencore Senior Secured Convertible Note has not elected to convert the Glencore Senior Secured Convertible Note into common shares following receipt of notice of such redemption, the Company shall issue a number of warrants (the **"Glencore Senior Secured Convertible Note Warrants"**) to the holder of the Glencore Senior Secured Convertible Note that entitle the holder to acquire a number of common shares equal to the principal amount of the Glencore Senior Secured Convertible Note being redeemed divided by the then applicable Glencore Senior Secured Convertible Note Conversion Price and expiring on the sixth anniversary of the issuance of the Glencore Senior Secured Convertible Note. The initial exercise price of the Glencore Senior Secured Convertible Note Warrants will be equal to the Glencore Senior Secured Convertible Note Conversion Price as of the redemption date.

The Glencore Senior Secured Convertible Note is subject to certain reporting and affirmative and negative operational covenants applicable to the Company and its subsidiaries (subject to customary baskets and exceptions to permit ordinary course transactions as set forth in the Glencore Senior Secured Convertible Note), including satisfaction of a minimum liquidity covenant, monthly, quarterly and annual financial reporting requirements, delivery of an annual operating budget and limitations on (a) the incurrence of indebtedness and liens, (b) dividends, distributions and repurchases or redemptions of capital stock, (c) certain payments in cash of indebtedness which is subordinated, junior lien or unsecured indebtedness, (d) acquisitions and other investments, (e) asset sales (including with respect to the Company's Spoke facilities), (f) affiliate transactions, and (g) capital expenditures that exceed the established budget by a specific threshold.

All obligations of the Company with respect to the Glencore Senior Secured Convertible Note are guaranteed by Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., and Li-Cycle North America Hub, Inc., (the **"Issuance Date Note Guarantors"**). Following the issuance of the Glencore Senior Secured Convertible Note and within a certain time period, Li-Cycle Europe AG and Li-Cycle Germany GmbH (the **"Post-Closing Guarantors"**) and together with the Issuance Date Note Guarantors, the **"Note Guarantors"**) will execute joinders to the Note Guaranty Agreement and guaranty such obligations as Note Guarantors. Each Note Guarantor unconditionally and irrevocably waives any right to revoke or otherwise discharge or defer its guaranty, and agrees that the guaranty is continuing in nature. Each Note Guarantor's guaranty is subject to customary limitations under applicable law. Each Note Guarantor's guaranty may be subordinated or terminated in connection with the closing date under an applicable Project Financing (as defined in the Glencore Senior Secured Convertible Note), or terminated on full payment and satisfaction of all liabilities and obligations in respect of the Glencore Senior Secured Convertible Note.

The Company and the Issuance Date Note Guarantors have also granted perfected, first priority security interests (subject to customary exceptions and permitted liens) in all of their respective assets, including intellectual property and a pledge of the equity interests of each other Note Guarantor. Within a certain time period of closing of the Glencore Senior Secured Convertible Note investment, the Post-Closing Guarantors will grant perfected, first-priority security interests (subject to customary exceptions and permitted liens) in all intra-group receivables owing to them and over all bank accounts held by such entities in their respective jurisdictions of organization. Li-Cycle Europe AG will further pledge its equity interests in Li-Cycle Germany GmbH.

Contractual Obligations and Commitments

The following table summarizes Li-Cycle's contractual obligations and other commitments for cash expenditures as of March 31, 2024, and the years in which these obligations are due:

\$ millions, undiscounted

Contractual Obligations	Total	Payment due by period			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 157.0	\$ 157.0	\$ —	\$ —	\$ —
Lease liabilities	137.3	11.1	22.8	21.1	82.3
Restoration provisions	1.6	0.2	0.1	—	1.3
Convertible debt principal	375.0	—	100.0	275.0	—
Convertible debt interest	233.8	—	63.4	170.4	—
Total as of March 31, 2024	\$ 904.7	\$ 168.3	\$ 186.3	\$ 466.5	\$ 83.6

As of March 31, 2024, there were \$7.4 million in committed purchase orders or agreements for equipment and services, compared to \$8.3 million as of December 31, 2023.

Related Party Transactions

For information about Li-Cycle's related party transactions refer to Note 11 (Related party transactions) to the Consolidated Financial Statements and the section of the Annual Report on Form 10-K titled "*Item 13. Certain Relationships and Related Transactions and Director Independence—Certain Relationships and Related Transactions.*"

Off-Balance Sheet Arrangements

During the periods presented, Li-Cycle did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements.

Material Accounting Policies and Critical Estimates

Li-Cycle's Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. While our significant accounting policies are more fully described in Note 2 to our Consolidated Financial Statements, the following going concern accounting policy and significant accounting estimates and judgements involve a greater degree of judgment and complexity. Accordingly, these are the accounting policies that we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Going concern

The going concern basis of accounting assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the Consolidated Financial Statements are issued. Based on its recurring losses from operations since inception, which included losses from operations of \$44.2 million for the quarter ended March 31, 2024 (\$39.1 million for the quarter ended March 31, 2023), negative cash flows from operating activities of \$29.1 million during the three months ended March 31, 2024 (\$22.4 million for the quarter ended March 31, 2023), and the pause on construction of the Rochester Hub project (all as described below), the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that these Consolidated Financial Statements were issued.

To date, the Company has financed its operations primarily through proceeds received in connection with: (i) the Business Combination; (ii) the concurrent \$315.5 million private placement of common shares; (iii) private placements of other Company securities (including convertible notes and common shares).

On October 23, 2023, the Company announced that it was pausing construction work on its Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The pause in

construction was due to escalating costs and the expectation that, aggregate costs to complete the existing scope of the project would exceed the previously disclosed budget of \$560.0 million. The Company currently expects such aggregate costs to be approximately \$960.2 million. Prior to the construction pause, stages of commissioning of the Rochester Hub project had been expected to commence in late 2023. Refer to the section titled "*-Update on Strategic Priorities and Business Outlook*" above for further details.

On March 11, 2024, the Company entered into an agreement, which was subsequently amended and restated on March 25, 2024 (the "**Glencore Senior Secured Convertible Note Purchase Agreement**") to issue a senior secured convertible note in an aggregate principal amount of \$75.0 million to an affiliate of Glencore plc (the "**Glencore Senior Secured Convertible Note**"). This transaction closed on March 25, 2024. In addition to the Glencore Senior Secured Convertible Note investment, the Company is actively exploring external financing options but there can be no assurance that the Company will be able to secure additional funding, under reasonable commercial terms or at all. Furthermore, any additional financing, including the Glencore Senior Secured Convertible Note investment, may be insufficient to provide sufficient liquidity for ongoing operations, to fund the Company's future growth or capital projects, including the Rochester Hub, or otherwise satisfy any of the Company's funding needs and obligations, and additional financing may have restrictive covenants that significantly limit the Company's operating and financial flexibility or its ability to obtain future financing.

In addition, there are inherent risks associated with the ability of the Company to execute its growth strategy and there can be no assurance that the Company will develop the manufacturing capabilities and processes, secure reliable sources of component supply to meet quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business.

These factors, in addition to the continued rise in inflation, commodity and labor prices and other challenging macroeconomic conditions, have led the Company to implement mitigating initiatives available to it to strengthen its financial position, enhance liquidity and preserve cash flow, depending on how these uncertain circumstances unfold, including:

- On October 23, 2023, Li-Cycle announced that it had paused construction work on its Rochester Hub, pending completion of a comprehensive review of the go-forward strategy for the project.
- In connection with the comprehensive review of the go-forward strategy of the Rochester Hub project, the Board of Directors (the "**Board**") established a Special Committee comprised of independent directors (the "**Special Committee**") to, among other things, (1) oversee and supervise a strategic review of all or any of the Company's operations and capital projects including its sales, general and administration functions, and (2) consider financing and other strategic alternatives.
- The Special Committee selected Moelis & Company LLC ("**Moelis**") and other advisors to assist with exploring financing options to increase the liquidity of Li-Cycle and strategic alternatives, and to assist the Company with managing short-term liquidity and implementing liquidity generating initiatives.
- On November 1, 2023, the Company initiated the implementation of a cash preservation plan (the "**Cash Preservation Plan**") including reducing staffing in its corporate support functions, pausing production at its Ontario Spoke and implementing a plan to manage lower levels of BM&E production and otherwise slow down operations at its remaining operating Spoke locations. On March 25, 2024 and as part of the Cash Preservation Plan, the Board approved plans to reduce approximately 17% of the Company's workforce, primarily at the corporate level and the Company made the strategic decision to transition from its regional management structure to a centralized model, which resulted in certain leadership changes. The Cash Preservation Plan also involves reviewing existing plans for bringing on additional Spoke capacity and taking other steps to preserve the Company's available cash while pursuing funding alternatives for the Company and continuing to review the go-forward strategy for the Rochester Hub project.
- In addition, the Company is also pursuing additional funding alternatives, including working closely with the United States Department of Energy ("**DOE**") towards obtaining financing for the Rochester Hub. As noted above, there can be no assurance that the Company will be able to secure additional funding, under reasonable commercial terms or at all.

These factors represent material uncertainties that cast substantial doubt as to the Company's ability to continue as a going concern. These unaudited consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, adjustments may be necessary to the carrying value of assets and liabilities or reported expenses, and these adjustments could be material.

Revenue Recognition

The Company's principal activities generate revenues from the operation of lithium-ion battery recycling plants. The Company uses the following five step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company recognizes revenue from the following major sources:

- i. Sale of products including BM&E and shredded metal
- ii. Services for recycling LIB batteries which includes coordination of logistics and destruction of batteries

Revenue is measured based on the consideration to which the Company expects to be entitled under a contract with a customer. The Company recognizes revenue when it transfers control of a product or completes performance of a service to a customer as outlined in the contractual terms. There are no significant financing components associated with the Company's payment terms.

For sale of products, revenue is recognized when control of the goods has transferred, typically when the goods have been transferred to the customer. A receivable is recognized by the Company when the goods are transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Company estimates the amount of consideration to which it expects to be entitled under provisional pricing arrangements, which is based on the initial assay results and market prices of certain constituent metals on the date control is transferred to the customer. The final consideration for BM&E and shredded metal sales is based on the mathematical product of: (i) market prices of certain constituent metals at the date of settlement, (ii) product weight, and (iii) final assay results (ratio of the constituent metals based on the initial assay and subsequently trued up by customer confirmation). Certain adjustments to revenue including marketing fees, handling and refining charges are also made per contractual terms with customers. Product sales and the related trade accounts receivable are measured using provisional prices for the constituent metals on initial recognition and any unsettled sales are remeasured at the end of each reporting period using the market prices of the constituent metals at the estimated settlement dates. Upon settlement of a sale transaction, the Company will receive or pay the incremental amount to settle the final consideration based on the constituent metal prices on the settlement date. Changes in the fair value of the receivable or payable following the sale are recognized as an adjustment in revenue and the related accounts receivable or accounts payable. If a significant decline in metal prices occurs, or assay data results in a significant change in quantity between the provisional pricing date and the final settlement date, it is reasonably possible that the Company could be required to pay an incremental amount to settle the final consideration.

Depending on contract terms with customers, the payment of receivables may take up to 12 months from date of transfer of control. The Company has elected to use the practical expedient for financing components related to its sales contracts. The Company does not recognize interest expense on contracts for which the period between receipt of customer payments and sale to the customer is one year or less.

Recycling service revenue is recognized at a point in time either upon receipt of the batteries from the customers or upon completion of the services. The price for services is separately identifiable within each contract and services are not subject to provisional pricing.

Revenues are recorded net of estimated allowances and discounts based upon historical experience and current trends at the time revenue is recognized. These estimates are based on historical rates of customer returns and allowances. The actual amount of customer returns and allowances, which are inherently uncertain, may differ from the Company's estimates. The Company has elected to exclude sales tax from the transaction price.

In the ordinary course of business, the Company may have consideration payable to customers in relation to recycling services, which has been netted against revenue and the consideration receivable from the customers.

Convertible debt instruments

Convertible instruments are assessed to determine classification of the whole instrument and to determine how to account for any conversion features or non-equity derivative instruments. The host instrument (i.e., convertible note element of the outstanding instruments) is classified as a financial liability and recorded at the present value of the Company's obligation to make future interest payments in cash and settle the redemption value of the instrument in cash. The carrying value of the host instrument is accounted for at amortized cost and is therefore accreted to the original face value of the instrument, over the life, using the effective interest method. Where any embedded elements are noted, these elements are assessed for bifurcation in accordance with ASC 815 - *Derivatives and Hedging*. The conversion option components of convertible debt instruments issued by the Company are recorded as financial liabilities, in accordance with the substance of the contractual arrangements and the definitions of a financial liability. If any conversion options require bifurcation as embedded derivatives, such embedded derivative liabilities are initially recognized at fair value and classified as derivatives in the balance sheet. Changes in the fair value of the embedded derivative liabilities are subsequently accounted for directly through the unaudited condensed consolidated statements of operations and comprehensive income (loss) and are included in operating activities in the unaudited condensed consolidated statements of cash flows as non-cash adjustment.

The conversion options are valued using certain directly and indirectly observable inputs and are classified as Level 2 in the fair value hierarchy in accordance with ASC 820 - *Fair Value Measurement*. In determining the estimated fair value of the conversion options, the Company utilizes the most recent data available including risk-free interest rate, expected life of options, expected dividend yield, expected stock price volatility, and the Company's share price. The embedded derivatives are valued using the Binomial Option Pricing Model for the KSP Convertible Notes and Finite Difference Method for the Glencore Convertible Notes.

Impairment of long-lived assets

The Company reviews long-lived assets such as plant and equipment, intangible assets with finite useful lives and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. These events and circumstances may include significant decreases in the market price of an asset or asset group, significant changes in the extent or manner in which an asset or asset group is being used by the Company or in its physical condition, a significant change in legal factors or in the business climate, a history or forecast of future operating or cash flow losses, significant disposal activity, a significant decline in the Company's share price, a significant decline in revenue or adverse changes in the economic environment.

The long-lived asset impairment test requires the Company to identify its asset groups and test impairment of each asset group separately. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results. The Company's determination of its asset groups, its primary asset and its remaining useful life, estimated cash flows, cost to complete the assets under construction and timing of the completion are significant factors in assessing the recoverability of the Company's assets for the purposes of long-lived asset impairment testing.

As of the quarter ended March 31, 2024, the Company had two separate asset groups: its integrated Spoke and future Hub network in North America, and the EMEA Spoke network.

When indicators of impairment exist, long-lived asset impairment is tested using a two-step process. The Company performs a cash flow recoverability test as the first step, which involves comparing the asset group's estimated undiscounted future cash flows to the carrying value of its net assets. If the net undiscounted cash flows of the asset group exceed the carrying value of its net assets, long-lived assets are not considered to be impaired. If the carrying value exceeds the net undiscounted cash flows, there is an indication of potential impairment and the second step of the long-lived asset impairment test is performed to measure the impairment amount. The second step involves determining the fair value of the asset group. Fair values are determined using valuation techniques that are in accordance with U.S. GAAP, including the income approach. If the carrying value of the asset group's net assets exceeds its fair value, then the excess represents the maximum amount of potential impairment that will be allocated to long-lived assets in the asset group, with the limitation that the carrying value of each separable asset cannot be reduced to a value lower than its individual fair value.

Management determined that the pause on the construction work on its Rochester Hub project pending completion of a comprehensive strategic review continues to be an indicator for potential impairment requiring it to perform a recoverability assessment. These actions represent a trigger requiring management to perform a recoverability test in line with Step 1 of the impairment assessment which compares the expected net undiscounted cash flows to be derived from the asset group for the remaining useful life of the asset group's primary asset compared to its carrying value. For the quarter ended March 31, 2024, the Company has not experienced impairment losses on its long-lived assets on the basis that the net undiscounted cash flows for the asset groups exceed their carrying values.

The determination of the future net undiscounted cash flows used in the recoverability test required significant judgment and estimate. The areas with the highest degree of judgment related to the North America asset group and included:

- The determination of the primary asset of the North America asset group being the combination of the ROU asset arising from the ground lease related to the Rochester Hub and the Rochester Hub buildings, due to the fact that they have the longest remaining useful life, the location of the land together with the buildings that are fundamental to the overall future operations of the Rochester Hub site and that the remainder of the equipment for this asset group would have not otherwise been acquired if not for this location and buildings.
- The life of the net undiscounted cash flow model was determined to be approximately 40 years, to address estimation uncertainty relative to the remaining useful life of 49 years for the primary asset and aligning with the renewal options for the ground lease related to the Rochester Hub. The Company considered that it is reasonably certain that it will exercise each renewal option beyond the initial term, up to the maximum of 49 years inclusive of the initial non-cancellable period. To maintain the assets in good working order to generate cash flows over the projected term, sustaining capital expenditures were included based on widely accepted industry guidance from engineering, procurement, construction management firms and institutions such as the Chemical Engineering Plant Cost Index. The total cash flows were reviewed over the 40 years relative to the asset carrying value and it was noted that the carrying value of the asset group could be supported by the cash flows stemming from approximately the first 16 years of the model.

- Significant cash inflows:

- Financing to complete the construction of the Rochester Hub is assumed to be available to Li-Cycle. The company is pursuing funding alternatives in the form of bridge financing, project financing, and additional long-term funding alternatives. Two separate models were considered in order to reflect the impact of potential financing in a binary situation. The model which assumed no funding included significantly lower undiscounted net cash flows, which do not exceed the carrying amount of the North America asset group. If over time Li-Cycle does not obtain financing, there could be an impairment. The model which assumed no funding received a remote weighting when determining the amount of undiscounted net cash flows, but nevertheless, was considered for completeness purposes. When sensitized to consider an equal weighting to the receipt of funding and lack thereof, the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- Revenues are driven by the sale of end products from the Rochester Hub in an MHP only scenario and do not include the construction costs of the process areas required to produce nickel sulphate and cobalt sulphate. The key end product outputs are lithium carbonate and a mixed hydroxide product containing nickel, cobalt, and manganese. End product revenues can be further broken into price and volume.

- The Company was required to estimate the commodity prices of the constituent metals of lithium-ion battery materials over the 40-year period included in the recoverability test. The Company benchmarked the commodity prices based on external industry publications. The most significant metal contributing to the value of net undiscounted cash flows is lithium. Additionally, the Company was required to estimate the percentage of metal payables that the Company would receive on MHP products being sold ("**MHP payables**"), which was benchmarked to historical actual and forecasts from offtake partners. The Company further sensitized for the price of commodities (including nickel, cobalt, and lithium) increasing or decreasing by 15% of the forecasted prices for the life of the model. Separately, the Company sensitized MHP payables increasing or decreasing by 10% for the life of the model. Under either sensitized assumption the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- End product volumes are based on the capacities of the Spoke network and Rochester Hub and further impacted by the Company's metal recoveries through the Spoke & Hub processes. When sensitized for the Hub recoveries increasing or decreasing by 5% the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- Significant cash outflows:

- Rochester Hub forecasted commissioning and operating costs which are primarily driven by the cost of reagents, labor, and utilities were developed through an internal engineering and technical report based on the Association for the Advancement of Cost Engineering to a Class 2 standard. When sensitized such that operating costs were to increase or decrease by 10% the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- The prices that Li-Cycle pays for battery feedstock for the Spoke network are generally tied to commodity prices for the metals contained in those battery feedstocks or products, notably nickel, cobalt. The company estimated forecasted commodity prices as discussed above. When sensitized for the price of commodities (including nickel, cobalt, and lithium) increasing or decreasing by 15% of the forecasted prices, the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

- Construction costs to complete the Rochester Hub were developed based on the technical report for an MHP process. While these construction costs are not significant to the overall model, as proven through the sensitivity exercise whereby an increase or decrease of 5% in either direction does not impact the overall conclusion that the undiscounted net cash flows are higher than the carrying value of the North America asset group, they are significant in determining the funding gap which is assumed to be secured as discussed above.

The Company has performed a sensitivity analysis to identify the impact of changes in its significant assumptions on the results of the recoverability test. As part of the sensitivity analysis, management stress tested the point in which a change in each significant assumption will cause the net undiscounted cash flows to no longer exceed the carrying amount of the asset group and then assessed whether such change is reasonable considering the nature of the assumption. Further details as to the sensitivity considered on the most critical inputs are noted above. It was determined that the recoverability test, including the considered impact of the sensitivities analysis shows that the undiscounted net cash flows were still higher than the carrying value of the North America asset group.

Recently Issued Accounting Standards Not Yet Adopted

From time to time, new accounting standards, amendments to existing standards, and interpretations are issued by the FASB. Unless otherwise discussed, and as further highlighted in Note 2 to the condensed consolidated interim financial statements, Li-Cycle is in the process of assessing the impact of recently issued standards or amendments to existing standards that are not yet effective.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Li-Cycle is exposed to various risks in relation to financial instruments. The main types of risks are currency risk and interest rate risk. While Li-Cycle may enter into hedging contracts from time to time, any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. Furthermore, Li-Cycle does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business.

Currency Risk

The Company is exposed to currency risk as its cash is mainly denominated in U.S. dollars, while its operations also require Canadian dollars and other currencies in addition to U.S. dollars. As at March 31, 2024, the impact of a 5% change in these respective currencies versus the U.S. dollar, would result in an immaterial impact. Furthermore, Li-Cycle does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk, as it has variable interest rate debt that includes an interest rate floor and cap. The Company does not expect changes in interest rates to have a material impact on its business and does not engage in interest rate hedging activities.

Credit and Liquidity Risks

Credit risks associated with cash are minimal as the Company deposits the majority of its cash with large Canadian and U.S. financial institutions above a minimum credit rating and with a cap on maximum deposits with any one institution. The Company's credit risks associated with receivables are managed through the use of long-term contracts and payment terms with customers and exposure to potential loss is also assessed as minimal.

The Company's revenue and accounts receivable primarily come from three key customers under long-term contracts. The Company manages this risk by engaging with reputable multi-national corporations in stable jurisdictions and performing a review of a potential customer's financial health prior to engaging in business.

Management is assessing its liquidity risk management framework for the management of the Company's short-term, medium and long-term funding and liquidity requirements.

Market Risks

The Company is exposed to commodity price movements for the inventory it holds and the products it produces. Commodity price risk management activities are currently limited to monitoring market prices. The Company's revenues are sensitive to the market prices of the constituent payable metals contained its products, notably cobalt and nickel. The Company does not engage in commodity price hedging activities.

The following table sets out the Company's exposure, as of March 31, 2024 and December 31, 2023, in relation to the impact of movements in the cobalt and nickel price for the provisionally invoiced sales volume of BM&E by metric tonne:

As at March 31, 2024		Cobalt	Nickel
Metric tonnes subject to fair value pricing adjustments		1,124.7	1,124.7
10% increase in prices	\$	0.1 \$	0.1
10% decrease in prices	\$	(0.1) \$	(0.1)

As at December 31, 2023		Cobalt	Nickel
Metric tonnes subject to fair value pricing adjustments		2,313.0	2,313.0
10% increase in prices	\$	0.2 \$	0.3
10% decrease in prices	\$	(0.2) \$	(0.3)

The following table sets out the period end commodity prices for cobalt and nickel as at March 31, 2024 and December 31, 2023:

As at March 31, 2024		Market price per tonne
Cobalt	\$	27,778
Nickel	\$	16,525

As at December 31, 2023		Market price per tonne
Cobalt	\$	28,660
Nickel	\$	16,250

Capital Risk Management

The Company's objective when managing its capital is to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net cash (cash and cash equivalents after deducting convertible debt) and equity of the Company (comprising issued share capital and other reserves). The Company is not subject to any externally imposed capital requirements as of March 31, 2024.

ITEM 4 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Li-Cycle's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures ("DCP") (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, its Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2024, its disclosure controls and procedures were not effective, due to the material weaknesses in the Company's internal control over financial reporting described below.

Changes in Internal Control Over Financial Reporting

Management is responsible for establishing, maintaining and assessing the effectiveness of internal control over financial reporting ("ICFR") as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Li-Cycle has identified material weaknesses in its ICFR. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Li-Cycle's financial statements will not be prevented or detected on a timely basis.

As reported in Li-Cycle's Annual Report on Form 10-K, management has concluded ICFR was not effective due to the following material weaknesses:

- The Company did not maintain an effective control environment due to insufficient number of experienced personnel with the appropriate technical training to allow for a detailed review of transactions that would identify errors in a timely manner.
- The Company did not maintain an effective risk assessment process to identify all relevant risks of material misstatement and to evaluate the implications of relevant risks on its ICFR, resulting from the insufficient number of experienced personnel described above.
- The Company did not maintain effective information and communication processes, related to insufficient communication of internal control information and the operating ineffectiveness of its IT general controls to ensure the quality and timeliness of information used in control activities, including related to service organizations.
- As a consequence of the above, the Company had ineffective process-level and financial statement close controls, primarily due to a lack of sufficient documentation to provide evidence of the operating effectiveness of controls.

Plan for Remediation of Material Weaknesses

During the three months ended March 31, 2024, Li-Cycle continued to implement its remediation plan to address the material weaknesses and their underlying causes, and strengthen all elements of the Company's ICFR program, including:

- Building its internal competency in technical accounting, financial reporting and internal controls to enhance its ability to execute detailed review of transactions to identify errors in a timely manner.
- Enhancing the risk assessment process to allow for the timely identification of risks of material misstatement and the impact of changes in the business that impact financial reporting risks.
- Strengthening processes to communicate internal control information and addressing operating deficiencies in IT general controls.
- Improving the quality of internal control evidence documentation to demonstrate operating effectiveness in process-level and financial statement close controls.

Although Li-Cycle continues to advance its remediation plan, the Company will not be able to conclude that it has remediated the material weaknesses until all relevant controls are fully implemented and have operated effectively for a sufficient period of time. The Company will continue to provide updates as it progresses through its remediation plan.

Except for the steps taken to address the material weaknesses in the Company's ICFR as described above, no changes in the Company's ICFR occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to various litigation and regulatory proceedings arising in the normal course of business. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is both probable and estimable, we establish an accrual. We expect that we may not be able to predict with certainty the outcome of any litigation or the potential for future litigation. We expect to continuously monitor any proceedings as they develop and adjust any accrual or disclosure as needed. Regardless of the outcome, litigation could have an adverse impact on us due to defense costs, diversion of management resources, potential reputational harm and other factors, and it could have a material effect on our results of operations for a given reporting period.

Dispute with MasTec Regarding Rochester Hub Construction Contract

On April 9, 2024, Mastec Industrial Corp. ("MasTec") commenced (i) arbitration proceedings against the Company's subsidiary, Li-Cycle North America Hub, Inc., under the terms of the construction contract for the Rochester Hub project, and (ii) a foreclosure action in the Supreme Court, County of Monroe, New York. The arbitration proceedings are being conducted with the American Arbitration Association and seek recovery of \$48.7 million allegedly due under the construction contract for the Rochester Hub, plus interest, fees, costs and expenses. The Company is defending its interests and has made certain counter-claims against MasTec. The amount owed by Li-Cycle is expected to be determined in the arbitration, and the foreclosure action is expected to be stayed pending determination of the arbitration. The amount claimed in the arbitration proceedings has been reflected in the Company's accounts payable.

For a description of our other material pending legal proceedings, see Note 17 to the Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q and the section titled "Item 3. Legal Proceedings" in our Annual Report on Form 10-K.

ITEM 1A RISK FACTORS

We describe our existing risk factors in "Item 1A. Risk Factors" of our Annual Report on Form 10-K. Other than as described below, there have been no material changes in our risk factors disclosed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K.

There is substantial doubt about Li-Cycle's ability to continue as a going concern.

As of March 31, 2024, Li-Cycle's net loss and net cash used in operating activities amounted to \$136.7 million and \$29.1 million, respectively. Li-Cycle has also incurred significant losses since inception, expects to incur net losses in the future and has a declining cash balance. Li-Cycle expects to continue to have a net cash outflow from operations for the foreseeable future as it continues its comprehensive review of the Rochester Hub and go-forward strategy in addition to funding existing and remaining capital commitments related to its Rochester Hub and general business operations. Certain contractors, subcontractors, consultants and suppliers (together, the "lienors") have also filed purported mechanic's liens against the Company's interests in certain properties in New York State related to the Rochester Hub project, under New York Lien Law, given alleged delays in making payments to those lienors. As at May 1, 2024, there were liens on the Company's interests in the Rochester Hub property filed by contractors and suppliers to the Company of approximately \$68.0 million and filed by subcontractors to the Company's contractors of approximately \$29.7 million, as well as liens on the Company's interests in the warehouse and administrative building for the Rochester Hub filed by the Warehouse Landlord of approximately \$5.1 million and filed by contractors to the Warehouse Landlord of approximately \$8.6 million. Such liens may restrict the Company's ability to dispose of its interest in such properties or pledge its interests in such properties as collateral for future financing arrangements while they remain in place. In addition, the lienors may enforce their liens by court action and courts may cause the Company's interest in the applicable properties to be sold to satisfy such liens. There can be no assurances that any efforts by the Company to negotiate payment plans with the lienors will be successful, timely or on terms favorable to the Company. Further, the lienors could have priority over the Company's shareholders in the event of bankruptcy or similar proceedings and, as a result, the amount of distributions our shareholders could receive in such bankruptcy or a similar proceeding could be reduced. On April 9, 2024, one of the lienors, MasTec Industrial Corp. ("**MasTec**") commenced arbitration proceedings to seek recovery of \$48.7 million allegedly due under the construction contract for the Rochester Hub project, plus interest, fees, costs and expenses. Pending the results of the arbitration proceedings, MasTec is also seeking to enforce its lien through a foreclosure action. We are not able to predict with any reasonable degree of certainty the outcome of any such proceedings and regardless of the outcome of the arbitration or any future foreclosure action, such proceedings could result in substantial costs to the Company, divert management's attention and resources and harm our business, prospects, financial condition and results of operations. See "*Part II. Other Information - Item 1. Legal Proceedings*" in this Quarterly Report on Form 10-Q and Note 17 (*Commitments and contingencies*) to the Consolidated Financial Statements. In addition, there are inherent risks associated with the ability of the Company to execute its growth strategy and there can be no assurance that the Company will develop the manufacturing capabilities and processes, meet quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business. Other circumstances such as a continued rise in inflation, commodity and labor prices and other challenging macroeconomic conditions may also arise, which could have a material and adverse effect on the Company's cash flow and anticipated cash needs, which in turn could result in significant additional funding needs. As a result, if Li-Cycle is unable to source additional short or long-term financing in the near term, it will not have sufficient cash and cash equivalents on hand to support current operations for the twelve months following the filing of this Quarterly Report on Form 10-Q. The Company will require a significant amount of financing in order to meet its funding needs. This casts substantial doubt upon the Company's ability to continue as a going concern without access to additional capital through financing transactions or otherwise. There are no assurances that Li-Cycle will be able to address its liquidity needs, including by raising sufficient capital when needed and may therefore need to significantly modify or terminate operations or dissolve and liquidate our assets under applicable bankruptcy laws or otherwise.

Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure, as well as disrupt our operations.

We maintain insurance coverage from third-party insurers as part of our overall risk management strategy, including coverage for director and officer liability, general liability, property liability, automobile liability, U.S. workers' compensation liability as well as coverage for our U.S. facilities. In addition, our operations (including any potential future operations such as our Rochester Hub, the Planned Portovesme Hub project and possible future additions to our Spoke network), notwithstanding the current pause on those projects and future expansion plans, are subject to risks inherent in the lithium-ion battery recycling industry and risks associated with the construction and development of new facilities, including potential liability which could result from, among other circumstances, personal injury, environmental claims or property damage, some of which may not be insured or fully covered at any time by insurance. The availability of, and the ability to collect on, insurance coverage is subject to various factors some of which are beyond our control and is not guaranteed to cover any or all of our losses in every circumstance. Li-Cycle's insurance coverage at any time may also be inadequate to fully cover hazard risk exposures related to any such operational risks.

Li-Cycle has no control over changing conditions and pricing in the insurance marketplace and the cost or availability of various types of insurance may change dramatically in the future. Moreover, Li-Cycle may not be able to

maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements or at all. For example, Li-Cycle is currently in the process of extending and/or renewing its insurance policies and there can be no assurance that such policies will be extended and/or renewed on favorable terms or at all. In addition, if any of Li-Cycle's landlords for its Spoke facilities is unable to obtain insurance coverage, Li-Cycle may have to seek such coverage from its own insurance providers and there can be no assurance that such efforts will be successful. Any failure to obtain adequate insurance as well as the occurrence of a significant uninsured loss, or a loss in excess of the insurance coverage limits maintained by Li-Cycle, could materially adversely affect Li-Cycle's business, results of operations and financial condition.

Li-Cycle relies on a limited number of commercial partners to generate most of its current and expected revenue.

Li-Cycle relies on a limited number of customers from whom we generate most of our revenue. Li-Cycle has entered into two off-take agreements with Traxys covering: (i) 100% of its production of black mass from Li-Cycle's North American Spokes, other than such black mass as Li-Cycle has determined (in its sole discretion) is required for internal purposes at Li-Cycle's Hubs, and (ii) 100% of its production of certain end products from Li-Cycle's Rochester Hub, being lithium carbonate, nickel sulphate, cobalt sulphate, manganese carbonate and graphite concentrate. Li-Cycle has also entered into additional off-take agreements with Glencore, covering substantially all of its other Spoke and Hub products. Effective March 25, 2024, pursuant to the terms of the Allocation Agreement, Traxys has waived its rights over 50% of the volume of black mass and refined products that would otherwise have been sold to Traxys under the Company's existing commercial agreements with Traxys, and such material has been deemed to be Glencore-committed material under the terms of the Company's commercial agreements with Glencore. If we or our off-take partners are unwilling or unable to fulfill their respective contractual obligations to us, if either party fails to perform under the relevant contract, or if these off-take partners otherwise terminate such agreements prior to their expiration, our business could suffer and we may not be able to find a other off-take partners on similar or more favorable terms, which could have a material adverse effect on our business, results of operations and financial condition.

The Company also directly sells a portion of its products to third parties under short term contracts. The Company is also seeking to maximize the commercial value of its purchased battery cell manufacturing scrap by re-selling a portion of these materials, whether directly or after processing through the ancillary lines at its Spokes, directly to third parties, primarily in the Asia-Pacific region. In selling directly to third parties, the Company may assume additional risks, including heightened counterparty risk, credit risk, transportation risk and variation in pricing and sales terms, any of which could have a material adverse effect on the Company's business, results of operations and financial condition. Given that these third-party contracts are generally short-term commitments, there can be no assurances that the Company will continue to obtain or renew such contracts, on similarly favorable terms, which could have a material adverse effect on the Company's business, results of operation and financial condition.

Our commercial agreements with Glencore also provide for the procurement of feedstock for our Spoke facilities, and procurement of black mass for our future Hub facilities, to supplement the volumes we are currently either independently sourcing or producing. Although these agreements are not exclusive for either party, they also do not commit either party to a specific performance threshold, and therefore a substantial reduction in Glencore's supply of either product or an unwillingness or inability to fulfill its contractual obligations to us could have a material adverse effect on our business, results of operations and financial condition.

As part of the comprehensive review, the Company is examining the scope, expected capital cost, financing, timing of completion and go-forward construction strategy options for the Rochester Hub project. The Company has been conducting an internal technical and economic review of the Rochester Hub project to assess a possible change in the project development strategy. The Company has since focused its technical review on constructing, commissioning and operating only those process areas needed to produce two key products: lithium carbonate and MHP (the "**MHP scope**"). The construction, commissioning and operating costs for process areas associated with production of nickel sulphate and cobalt sulphate, as originally planned for the Rochester Hub, have not been included in the internal technical review, and there are no current plans that include production of nickel sulphate and cobalt sulphate. However, the areas dedicated to the production of nickel sulphate and cobalt sulphate would be left intact under the MHP scope, to allow for the potential construction, completion, and integration of these areas in the future, although no such plans are contemplated at this time. See the section titled "*Part I—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Li-Cycle's Performance*".

Any change in product development strategy for the Rochester Hub could adversely affect our existing commercial agreements related to Hub products. For example, our commercial contracts with LG and LGES require the

supply of at least 20,000 tonnes of nickel contained in nickel sulphate over the period from 2025 to 2032, including approximately 5,500 tonnes of nickel contained in nickel sulphate (being approximately 25,000 tonnes of nickel sulphate) in 2025, and any failure to satisfy such volume commitments would trigger various remedies, including requiring Li-Cycle to indemnify LG and LGES for the difference between the price that it obtains from third parties for such material (expected to be based on a premium to the LME nickel price) and the price that it would have paid Li-Cycle (which is based on discounts of 5% to 6.5% of the LME nickel price), which in turn could have a material adverse effect on our business, results of operations and financial condition. In addition, the Company has no firm off-take or commercial arrangements for MHP, which would be considered a by-product under the terms of the Company's existing commercial arrangements with Glencore. For more information, see "Item 1. Business – Diversified In-Take and Off-Take Commercial Contracts – Off-Take Commercial Contracts for Black Mass and Battery Grade Materials - Glencore Strategic Global Commercial Arrangements" in the Annual Report on Form 10-K. There can be no assurances that the Company will be successful in entering into customer agreements for MHP on favorable terms or at all and any failure to secure or maintain customer relationships for the anticipated products of the Rochester Hub could have a material adverse effect on our business, results of operations and financial condition.

Li-Cycle's reliance on the experience and expertise of its senior management and key personnel may cause material adverse impacts on it if a senior management member or key employee departs.

Li-Cycle depends on key personnel for the success of its business. Li-Cycle's business may be severely disrupted if it loses the services of its key executives and employees or fails to add new senior and middle managers to its management.

Li-Cycle's future success is heavily dependent upon the continued service of its key executives. Li-Cycle also relies on a number of key technology and professional staff for its continued operation. Li-Cycle's future success is also dependent upon its ability to attract and retain qualified senior and middle managers to its management team. If one or more of its current or future key executives or employees are unable or unwilling to continue in their present positions, Li-Cycle may not be able to easily replace them, and its business may be severely disrupted. In addition, if any of these key executives or employees joins a competitor or forms a competing company, Li-Cycle could lose customers and suppliers and incur additional expenses to recruit and train personnel.

On March 25, 2024, as part of the previously disclosed ongoing comprehensive review and Cash Preservation Plan, the Company made the strategic decision to transition from its regional management structure to a centralized model, which resulted in certain leadership changes. Effective as of March 26, 2024, Tim Johnston ceased serving as the Company's Executive Chair and transitioned to the role of interim non-executive Chair of the Company's Board, Debbie Simpson ceased serving as the Chief Financial Officer of the Company and Richard Storrie ceased serving as the Company's Regional President, EMEA. In addition, Craig Cunningham was appointed as the interim Chief Financial Officer of the Company, Conor Spollen was appointed as the Chief Operating Officer of the Company and Dawei Li was appointed as the Chief Commercial Officer of the Company. There can be no assurances that the Company's transition to a centralized management model, including the related leadership changes, will result in efficiencies or will positively impact the Company.

On October 31, 2023, the Board authorized a reduction in workforce plan across Li-Cycle and on March 25, 2024, the Board approved additional plans to reduce approximately 17% of the Company's global workforce. In addition, it is expected that additional steps will be taken based on our go-forward strategic objectives and the Cash Preservation Plan to right-size and right-shape our organization. Li-Cycle cannot provide any assurance that it will be able to retain adequate staffing levels among its remaining workforce or retain key employees who would not otherwise be subject to a workforce reduction. If employees who were not affected by any reduction in force seek alternative employment, this could require us to seek contractor support at unplanned additional expense or otherwise harm our productivity. Furthermore, the inability to retain highly skilled employees could adversely affect its business.

Li-Cycle has identified material weaknesses in its internal control over financial reporting. If its remediation of such material weaknesses is not effective, or if it fails to develop and maintain a proper and effective internal control over financial reporting, its ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

Prior to August 10, 2021, Li-Cycle Holdings Corp. was a private company and we addressed our internal control over financial reporting with internal accounting and financial reporting personnel and other resources.

In the course of preparing for the Business Combination with Peridot Acquisition Corp., Li-Cycle identified material weaknesses in its internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Li-Cycle's annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

As of December 31, 2023, Li-Cycle's management assessed the effectiveness of the Company's internal control over financial reporting and concluded that the Company did not maintain effective internal control over financial reporting as of that date. Management has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024, and concluded that, as of that date, the Company's disclosure controls and procedures were not effective, due to the material weaknesses in the Company's internal control over financial reporting.

In preparing its financial results for the quarter ended March 31, 2023, the Company identified a non-cash accounting error in the unaudited financial results for the transition period of November 1, 2022 through December 31, 2022 and filed restated unaudited condensed consolidated financial statements for the transition period in April 2023. In February 2024, the Company filed a Notification of Late Filing on Form 12b-25 with the SEC to extend the time for delivery of this Annual Report on Form 10-K.

While we have taken steps to address these material weaknesses and expect to continue to implement a remediation plan to address the underlying causes, any gaps or deficiencies in our internal control over financial reporting may result in us being unable to provide required financial information in a timely and reliable manner and/or incorrectly reporting financial information. We have slowed certain aspects of the remediation plan, including during the three months ended March 31, 2024, in view of resource constraints, including in relation to the Cash Preservation Plan and recent workforce reductions as well as our focus in completing our transition from being a foreign private issuer to a U.S. domestic issuer as of January 1, 2024, including the restatement of our financial statements for past periods from IFRS to U.S. GAAP. In addition, there can be no assurance that these measures will remediate the material weaknesses in our internal control over financial reporting or that additional material weaknesses in our internal control over financial reporting will not be identified in the future. For more information, see "*Part II. Other Information - Item 4. Controls and Procedures*".

In addition, on March 28, 2024, KPMG LLP ("**KPMG**"), the independent registered public accounting firm of the Company, notified the Company that it has decided to decline to stand for re-appointment as the Company's independent registered public accounting firm to serve as independent auditor. However, KPMG has advised the Company that it will remain the Company's independent registered public accounting firm until completion of its review of the consolidated interim financial statements of the Company and subsidiaries as of and for the three months ended March 31, 2024 and, if requested by the Company, as of and for the three and six months ended June 30, 2024. The process for engaging and onboarding a new independent auditor can be time consuming and costly and there can be no assurance as to when the Company will be able to appoint a new independent auditor, which may in turn adversely affect our ability to provide required financial information in a timely manner and cause delays to our SEC filings.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended March 31, 2024, neither the Company nor any of its directors or officers adopted or terminated any 10b5-1 trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any other non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q or are incorporated herein by reference, in each case as indicated below.

Exhibit Number	Description
2.1††	<u>Business Combination Agreement, dated as of February 15, 2021, by and among Peridot Acquisition Corp., Li-Cycle Corp. and the Company (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form F-4 (File No. 333-254843) filed with the SEC on July 6, 2021).**</u>
3.1	<u>Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's annual report on Form 10-K (File No. 333-40733) filed with the SEC on March 15, 2024).**</u>
3.2	<u>Articles of Amendment to the Articles of Incorporation of the Company (incorporated by reference to Exhibit 1.2 to the Company's shell company report on Form 20-F (File No. 001-40733) filed with the SEC on August 16, 2021).**</u>
3.3	<u>Amended and Restated By-laws of the Company (incorporated by reference to Exhibit 1.3 to the Company's shell company report on Form 20-F (File No. 001-40733) filed with the SEC on August 16, 2021).**</u>
4.1	<u>Specimen Common Share Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-4 (File No. 333-254843) filed with the SEC on July 6, 2021).**</u>
4.2	<u>Rights Agreement dated as of October 31, 2023, by and between the Company and Continental Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Form 6-K (File No. 001-40733) filed with the SEC on November 1, 2023).**</u>
4.3	<u>Amendment No. 1 to the Rights Agreement, dated as of March 11, 2024, by and between Li-Cycle Holdings Corp. and Continental Stock Transfer & Trust Company as rights agent (incorporated by reference to Exhibit 4.4 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 12, 2024).**</u>
4.4	<u>Convertible Note, dated September 29, 2021, issued by Li-Cycle Holdings Corp. to Spring Creek Capital, LLC (incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form F-1 (File No. 333-259895) filed with the SEC on September 30, 2021).**</u>
4.5	<u>Consent to New Debt and Amendment to Convertible Note, dated May 5, 2022, by and between Li-Cycle Holdings Corp. and Wood River Capital, LLC (incorporated by reference to Exhibit 4.38 to the Company's annual report on Form 20-F (File No. 001-40733) filed with the SEC on March 30, 2023).**</u>
4.6	<u>Amendment No. 2 to Convertible Note, dated February 13, 2023, by and between Li-Cycle Holdings Corp. and Wood River Capital, LLC (incorporated by reference to Exhibit 4.39 to the Company's annual report on Form 20-F (File No. 001-40733) filed with the SEC on March 30, 2023).**</u>
4.7	<u>Amendment No. 3 to Convertible Note dated March 25, 2024 by and between Li-Cycle Holdings Corp. and Wood River Capital, LLC (incorporated by reference to Exhibit 4.5 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).**</u>
4.8	<u>Convertible Note, dated May 31, 2022, by and between Li-Cycle Holdings Corp. and Glencore Ltd. (incorporated by reference to Exhibit 4.1 to the Company's Form 6-K (File No. 001-40733) filed with the SEC on June 2, 2022).**</u>
4.9	<u>Amendment No. 1 to Convertible Note, dated February 13, 2023, by and between Li-Cycle Holdings Corp. and Glencore Ltd. (incorporated by reference to Exhibit 4.40 to the Company's annual report on Form 20-F (File No. 001-40733) filed with the SEC on March 30, 2023).**</u>
4.10	<u>Senior Secured Convertible Note dated March 25, 2024 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).**</u>
4.11	<u>Note Guaranty dated March 25, 2024 by and among Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., Li-Cycle North America Hub, Inc. and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).**</u>
4.12	<u>Amended and Restated Convertible Note No. 1 dated March 25, 2024 (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).**</u>

4.13	<u>Amended and Restated Convertible Note No. 2 dated March 25, 2024 (incorporated by reference to Exhibit 4.4 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.1††	<u>Note Purchase Agreement, dated March 11, 2024, by and between Li-Cycle Holdings Corp., Glencore Ltd. and Glencore Canada Corporation (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 12, 2024).</u>**
10.2††	<u>Amended and Restated Note Purchase Agreement dated March 25, 2024 by and among Li-Cycle Holdings Corp, Glencore Ltd., Glencore Canada Corporation and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 10.8 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.3††	<u>U.S. Pledge and Security Agreement dated March 25, 2024 by and among Li-Cycle U.S. Inc., Li-Cycle Inc., Li-Cycle North America Hub, Inc. and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.4††	<u>U.S. Stock Pledge Agreement dated March 25, 2024 by and between Li-Cycle Americas Corp. and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.5††	<u>Canadian General Security Agreement dated March 25, 2024 by and among Li-Cycle Holdings Corp., Li-Cycle Corp., Li-Cycle Americas Corp. and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.6††	<u>Canadian Pledge Agreement dated March 25, 2024 by and among Li-Cycle Holdings Corp., Li-Cycle Corp., Li-Cycle Americas Corp. and Glencore Canada Corporation as Collateral Agent (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.7	<u>Amended and Restated Registration Rights Agreement dated March 25, 2024 by and between Li-Cycle Holdings Corp. and Glencore Ltd. (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.8	<u>Side Letter dated March 25, 2024 by and among Li-Cycle Holdings Corp., Glencore Ltd., Glencore Canada Corporation and Glencore plc (incorporated by reference to Exhibit 10.6 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.9†††	<u>North America Black Mass and Refined Products Allocation Agreement dated March 25, 2024 by and among Li-Cycle Holdings Corp. and certain of its affiliates, Traxys North America LLC and Glencore Ltd. (incorporated by reference to Exhibit 10.7 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.10	<u>Indemnification Side Letter dated March 25, 2024 by and among Li-Cycle Holdings Corp., Glencore Ltd. and Glencore Canada Corporation (incorporated by reference to Exhibit 10.9 to the Company's Form 8-K (File No. 001-40733) filed with the SEC on March 25, 2024).</u>**
10.11†, †††	<u>Executive Employment Agreement, dated March 26, 2024, by and between Li-Cycle Corp. and Conor Spollen.</u>
10.12†	<u>Separation Agreement, dated March 26, 2024, as amended April 24, 2024, by and between Li-Cycle Corp. and Debbie Simpson.</u>
31.1	<u>Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.</u>
31.2	<u>Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.</u>
32.1#	<u>Certification of the Principal Executive Officer pursuant to 18 U.S.C. 1350.</u>
32.2#	<u>Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350.</u>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
104 Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101).

** Previously filed.

† Indicates management contract or compensatory plan or arrangement.

†† Certain of the exhibits and schedules to these exhibits have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

††† Pursuant to Item 601(b)(10)(iv) of Regulation S-K, portions of this exhibit have been omitted because Li-Cycle Corp. customarily and actually treats the omitted portions as private or confidential, and such portions are not material and would likely cause it competitive harm if publicly disclosed. Li-Cycle Holdings Corp. will supplementally provide an unredacted copy of this exhibit to the SEC or its staff upon request.

This certification is deemed not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the financial statements or notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

LI-CYCLE HOLDINGS CORP.

By: /s/ Ajay Kochhar

Name: Ajay Kochhar

Title: Co-Founder, President & CEO and Executive Director

By: /s/ Craig Cunningham

Name: Craig Cunningham

Title: Interim Chief Financial Officer (Principal Financial and Accounting Officer)

Date: May 10, 2024

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Confidential portions of this exhibit have been omitted because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. The redacted terms have been marked at the appropriate place with "[XXX]".



EXECUTIVE EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of **March 26, 2024**.

BETWEEN:

LI-CYCLE U.S. INC., a corporation existing under the laws of the State of Delaware, U.S.A.,

(hereinafter called the "**Corporation**")

OF THE FIRST PART,

- and -

Conor Spollen, of the Borough of Sewickley, in the State of Pennsylvania, U.S.A.

(hereinafter called the "**Executive**")

OF THE SECOND PART.

WHEREAS the parties wish for the Executive to serve as **Chief Operating Officer** of the Corporation and its ultimate parent, Li-Cycle Holdings Corp. (NYSE: LICY) ("**LICY**"), effective **March 26, 2024**, or such other date as mutually agreed to by the parties (the "**Effective Date**");

AND WHEREAS the Executive has been employed with the Corporation since January 31, 2022 pursuant to an employment agreement dated December 02, 2021, Revised December 22, 2021 (the "**Previous Agreement**");

AND WHEREAS the Corporation and the Executive wish to enter into this executive employment agreement (the "**Agreement**") to record the terms and conditions upon which the Executive will be employed by the Corporation from and after the Effective Date; applicable to the Executive's continued employment with the Corporation from and after the Effective Date;

AND WHEREAS the Corporation is only willing to enter into this Agreement on the basis that the Executive shall observe the terms and conditions of this Agreement, including but not limited to the restrictive covenants set out in Section 6 of this Agreement, which have been negotiated in good faith and which the Executive acknowledges as being reasonable given the nature of the Executive's position pursuant to this Agreement;

AND WHEREAS the Executive acknowledges and agrees that there has been no inducement by the Corporation or its employees, representatives or agents in respect of the Executive's recruitment for

employment with the Corporation, or any promise or representation of any term or condition of employment by or on behalf of the Corporation that is not otherwise contained in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. EMPLOYMENT

1.1 Position

The Executive shall hold the position of **Chief Operating Officer** of each of LICY and the Corporation. The Executive shall report to the President and Chief Executive Officer of LICY (who is also the President and Chief Executive Officer of the Corporation) (the "**CEO**") and shall carry out such duties, responsibilities, activities and functions and exercise such authority and powers as are customary for a **Chief Operating Officer** of a public company within the Corporation's industry, as from time to time assigned to the Executive by the CEO.

The Executive acknowledges and agrees that, by virtue of the Executive's position and office, the Executive occupies a position of fiduciary trust and confidence. Therefore, the Executive agrees to serve the Corporation in a manner which is consistent with the Executive's fiduciary duties, including the highest standards of loyalty, confidentiality, good faith and the avoidance of conflicts of duty and self-interest.

1.2 Other Offices & Directorships

During the Executive's employment with the Corporation, the Executive agrees to serve as a director or officer of any subsidiaries or affiliates of LICY or other entities where requested by the CEO or as necessary or appropriate in connection with the performance by the Executive of the Executive's duties. The Executive acknowledges that, to the extent the Executive serves as a director or officer of any such entity, the Executive will do so without any additional remuneration but will be entitled to receive a suitable indemnity for any personal liability arising out of such director or officer duties.

1.3 Time to be Devoted

During the Executive's employment hereunder, the Executive shall devote the Executive's full working time and attention to the business and affairs of the Corporation. The Executive shall not, directly or indirectly, render services to any person, other than services with regard to charitable or community service organizations and any board member or advisor positions that have been approved in advance by the CEO (or as otherwise required by the policies of the Corporation from time to time). The Executive agrees to disclose to the CEO from time to time any and all charitable or community service activities or board member or advisor activities with which the Executive is involved which could or which may have a conflict of interest with the Corporation's business, strategy and activities.

The Executive is permitted to continue to act as a board member or advisor for those organizations listed in Schedule A" (Permitted Charitable, Community & OTHER Activities), and the

Executive represents that in doing so, the Executive will not be in breach of the restrictive covenants contained in Section 6.

1.4 Employment Obligations

During the continuance of the Executive's employment hereunder, the Executive shall well and faithfully serve the Corporation, and its subsidiaries and affiliates, to the best of the Executive's ability in a competent and professional manner (including without limitation by submitting to the Corporation all reports and other communications whenever the same may reasonably be required by the Corporation) and shall use the Executive's best efforts to promote the interests of the Corporation and act at all times in the best interests of the Corporation. The Executive shall observe and comply in all respects with all applicable statutes, rules and regulations, and all requirements of all applicable regulatory, self-regulatory and administrative bodies, together with the lawful policies, procedures and codes of conduct established by the Corporation and in effect from time to time. The Executive acknowledges having been given access to such policies, procedures and codes of conduct in advance of executing this Agreement (including without limitation the "Code of Business Conduct and Ethics" in effect as of the date of this Agreement).

1.5 Directors and Officers' Liability Insurance; Indemnification Agreement

The Executive will be covered by directors' and officers' liability insurance, subject to and in accordance with the terms and conditions of the applicable policy in place and as amended from time to time, which will be established and maintained by the Corporation at its expense. The insurance policies to be maintained by the Corporation under this provision may contain exclusions from coverage in respect of negligence or *mala fides* acts on the part of the Executive.

The Corporation's ultimate parent, LICY, will enter into a Director and Officer Indemnification Agreement with the Executive in LICY's standard form, as a condition of the Executive's agreement to enter into this Agreement, pursuant to which LICY will provide the Executive with contractual assurance of indemnification against personal liability arising out of the Executive's employment with the Corporation. A copy of such agreement is attached hereto as **EXHIBIT B.**

1.6 Place of Employment

The Executive shall provide the Executive's duties and services to the Corporation principally at its office in **Rochester, New York** (the "**Place of Employment**") and at such other place or places as are necessary to carry out the Executive's duties. The Executive acknowledges that travel is required in this position.

1.7 Lawful Eligibility to Work in the United States

The Corporation will pay all applicable fees and associated legal costs in order to obtain the governmental authorization up to and including EB visa category, required for the Executive to legally work for the Corporation in the United States during the Term and reasonable fees and associated legal costs for the Executive's spouse to legally reside in the United States during the Term.

This Agreement and the Executive's employment with the Corporation hereunder are conditional upon the Executive's lawful eligibility to work for the Corporation in the United States at all times during the Term of this Agreement, with responsibility for maintaining such lawful eligibility status resting solely with the Executive. A failure to maintain lawful eligibility to work for the Corporation in the United States at any point during the Term shall result in the termination of the Executive's employment pursuant to subsection 5.1(c) (by the Corporation for Cause).

2. TERM OF EMPLOYMENT

2.1 Term

The employment of the Executive with the Corporation and this Agreement will commence on the Effective Date and shall continue in full force and effect until terminated in accordance with the terms of this Agreement (the "**Term**").

The Corporation acknowledges the employment of the Executive with the Corporation commenced on January 31, 2022, and such employment shall continue under the terms of this Agreement from the Effective Date until terminated in accordance with the terms of this Agreement (the "**Term**").

3. REMUNERATION

3.1 Base Salary

During the Term, the Executive shall be paid a base salary of USD\$364,000 per annum (the "**Base Salary**"). The Base Salary shall be paid in U.S. dollars, less applicable statutory deductions and withholdings (including without limitation with respect to income taxes), group benefit premiums and other lawful and applicable amounts, in accordance with the Corporation's standard payroll practices and schedule in effect from time to time. The Base Salary may be revised from time to time at the sole discretion of the Corporation, in which case the revised amount shall be communicated in writing to the Executive with a prescribed effective date and thereafter be treated as the Base Salary for the purposes of this Agreement; provided, however, that the Base Salary can only be reduced in the event that either: (a) the Executive has agreed in writing to such reduction, or (b) it is made in conjunction with a salary reduction being imposed upon all similarly situated executives of the Corporation.

3.2 Annual Short-Term Incentive Plan Award

During the Term, the Executive shall have the opportunity to earn an annual cash award (the "**STIP Award**") under LICY's short-term incentive plan ("**STIP**") in respect of each financial year of the Corporation. The STIP Award will be payable following the completion of each financial year, at such time and in such amount as may be determined by the Board of Directors of LICY (the "**Board**") from time to time based on the achievement of certain corporate and/or individual "key performance indicators". The target amount of the STIP Award to which the Executive may be entitled in respect of a financial year (the "**STIP Target**"), as well as any terms and conditions applicable to the STIP Award, will be established by the Board prior to the commencement of such financial year. The Executive acknowledges that: (a) the terms of the STIP (including the STIP Target) may change at the discretion of the Board from year to year; (b) the value of a STIP Award in one year does not guarantee the value of a STIP Award in subsequent years; (c) a STIP Award is not earned for any purpose until the date of

payment of the same; and (d) unless expressly set out otherwise in this Agreement or in a STIP Award document provided by the Corporation to the Executive from time to time¹, the Executive must be actively employed on the date that the STIP Award is paid by the Corporation in order to be eligible to earn and receive the STIP Award.

For all purposes relating to STIP Awards, the Executive shall be considered to be “**actively employed**” from the Effective Date until the last day on which the Executive provides service to the Corporation as a result of the termination of the Executive’s employment for any reason.

For the **2024** financial year, the Executive’s STIP Target shall be **50%** of Base Salary and the STIP Award shall be pro-rated to reflect service in the **2024** financial year.

3.3 Annual Long-Term Incentive Plan Award

During the Term, the Executive will be eligible to receive an annual award under the equity-based long-term incentive plans offered by LICY from time to time to its executive officers generally (the “**LTIP Award**”), in the manner and to the extent authorized by the Board, in its sole discretion. The target amount of the LTIP Awards to which the Executive may be entitled in respect of a financial year (the “**LTIP Target**”) will be established by the Board in relation to each financial year during the Term.

For the **2024** financial year, LICY’s long-term equity incentive plan design includes awards of restricted share units (“**RSUs**”) and share options under the *2021 Incentive Award Plan*. The Executive’s LTIP Target for the **2024** financial year will be **60%** of Base Salary.

The LTIP Award, if any, for the **2024** financial year will be subject to the terms and conditions of the *2021 Incentive Award Plan* and will be evidenced by, and is conditional upon the Executive’s acceptance of, a written agreement between LICY and the Executive. It is anticipated that the LTIP Award, if any, for the **2024** financial year is expected to be made by the Compensation Committee and Board of Directors in **May 2024**.

3.4 Executive Share Ownership Requirements

The Executive acknowledges that the Executive is subject to LICY’s executive share ownership requirements which, as at the date of this Agreement, provide that the executive officers of LICY are required to maintain an equity interest in LICY (through the ownership of common shares or similar instruments such as options and RSUs) with a value equal to or exceeding five times (5x) Base Salary for the CEO, and two times (2x) Base Salary for the other executive officers within five (5) years of the Effective Date. The Executive’s equity interest in LICY shall be assessed by the Corporation on an annual basis. The Executive undertakes to comply with LICY’s executive share ownership requirements, as such requirements may be amended from time to time by the Board at its discretion. In the event that the value of the Executive’s equity interest is less than the prescribed amount, the Executive agrees to: (a) hold any common shares of LICY delivered on the settlement of RSUs or reinvest the after-tax value of any cash-settled RSUs in common shares of LICY, and/or (b) hold the post-exercise value of any vested share options in common shares LICY.

3.5 Clawback

By signing this Agreement, the Executive acknowledges and confirms that the Executive has received a copy of the Corporation's Executive Compensation Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "Clawback Policy"), and that the Clawback Policy will apply both during and after the Executive's employment with the Corporation. Further, by signing this Agreement, the Executive agrees to abide by the terms of the Clawback Policy, including by returning any Excess Awarded Compensation (as defined in the Clawback Policy) to the Corporation to the extent required by, and in a manner permitted by, the Clawback Policy and/or by executing a written wage deduction authorization in a form provided by the Corporation in connection with Excess Awarded Compensation. In the event of any inconsistency between the Clawback Policy and the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid to or by the Executive, the terms of the Clawback Policy shall govern to the full extent permitted by applicable laws.

In addition, the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in the Corporation's best interest to do so, require the reimbursement of all or a portion of any performance-based incentive compensation awarded to the Executive after each financial year, if wrongdoing after the Effective Date has occurred including without limitation in the following circumstances:

- (a) LICY or the Corporation is required to restate its financial statements;
- (b) the Executive engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and/or
- (c) the amount of the performance-based compensation that would have been awarded to, or the profit realized by, the Executive had the financial results been properly reported would have been lower than the amount actually awarded or received.

3.6 Acknowledgement of Compensation Program and Plans

The Executive has been provided under separate cover a copy of the 2021 Incentive Award Plan and understands and accepts each of the terms and conditions thereof. The Executive understands that the awards referenced in Sections 3.4 (Annual STIP Award) and Section 3.5 (Annual LTIP Award) (collectively, the "**Awards**") are subject to the terms of LICY's long-term incentive award plans and the relevant agreements governing the Awards, in place and as amended from time to time.

3.7 Annual Review of Remuneration

The Executive's total annual compensation package (including Base Salary, STIP Target and LTIP Target) will be reviewed at least on an annual basis, normally at each financial year end, and may be increased from time to time at the discretion of the Board. The Executive acknowledges that LICY has implemented a policy pursuant to which LICY will disclose its approach to executive compensation to its shareholders for the purpose of an annual non-binding advisory vote (the "**Say-on-Pay Vote**"). LICY will disclose the results of the Say-on-Pay Vote as part of its report on voting results for each annual meeting

of the shareholders and the Board will, subject to its ultimate discretion, take the results into account, as appropriate, for the purpose of considering future compensation policies, procedures and decisions.

3.8 Taxes, Duties and Fees

The Executive will be responsible for compliance with all applicable tax laws and regulations and for the payment of all income taxes, property taxes, custom duties, fees, licenses and other taxes imposed on the Executive by any authorities, whether in the United States, Canada or elsewhere.

3.9 Tax Preparation and Financial Planning Services

Upon provision of invoice(s) satisfactory to the Corporation, the Corporation will reimburse the Executive up to a maximum of USD\$5,000 (exclusive of applicable sales taxes) per calendar year with respect to income tax preparation and/or financial planning services with a licensed service provider of the Executive's selection, in respect of any taxation year in which the Executive receives employment-related income from the Corporation arising under this Agreement, regardless of termination of employment.

3.10 No Guarantee of Employment

The Corporation's award to the Executive of remuneration pursuant to this Section 3 shall not constitute a guarantee of continued employment.

4. BENEFITS

4.1 Executive Welfare Benefit Plans and Perquisites

During the Term, the Executive shall be entitled to participate in the Welfare Benefit Plans and Perquisites (as such terms are defined in Schedule B) instituted by the Corporation from time to time which are generally made available to executive officers of the Corporation resident in the United States, all subject to and in accordance with the terms and conditions thereof, and as such may be amended from time to time (collectively, the "**Executive Plans**"). A summary of the Executive Plans is set forth in Schedule B" (Executive Plans) hereto. The Corporation is entitled to change, replace or cancel the Executive Plans, or any of them, at any time during the Term, without notice or compensation to the Executive, provided that any such change is generally applicable to the U.S.-resident executive officers of the Corporation.

4.2 401(k) Plan

The Executive is eligible to participate in the Corporation's 401k plan ("**401(k)**") from the date of hire. Once the Executive elects to enroll in the 401(k), the Corporation will match the Executive's 401(k) contributions, per the 401(k) plan design, up to the applicable percentage of company maximum contribution (being 4% as of the date of this Agreement), and in compliance with the annual dollar limits under the U.S. Internal Revenue Service regulations and guidelines (i.e., the aggregate contributions to a 401(k) participant's account for the 2024 tax year cannot exceed USD\$69,000 (USD\$76,500 including catch-up contributions, if eligible). If the Executive elects to participate in the 401(k), then applicable

deductions will be made in line with payroll, commencing on the Effective Date, and contributed directly to the Executive's 401(k) account.

4.3 Reimbursement for Business Expenses

The Executive shall be reimbursed for all reasonable business, travel and other out-of-pocket expenses actually and properly incurred by the Executive in connection with the Executive's duties during the Term, and subject to the Corporation's internal policies and guidelines that may be in force at the time, including as set forth in the "Li-Cycle U.S. Employee Handbook", provided that (notwithstanding any limitations provided therein), the Corporation shall also reimburse the full cost of the Executive's annual professional dues. For all such expenses, the Executive shall furnish to the Corporation an itemized expense report, including without limitation receipts for such expenses, and the Corporation will reimburse the Executive for all properly incurred expenses.

4.4 Vacation

The Executive shall be entitled to four (4) weeks of paid vacation per calendar year during the Term, to be pro-rated for any part year worked. Such vacation may be taken as the Executive may from time to time reasonably determine (having regard to the best interests of the Corporation), provided that such vacation time does not materially interfere with the Executive's duties to the Corporation. Unless otherwise prescribed by applicable law (in which case, such legal requirements shall apply), the Executive shall only be entitled to carry forward five (5) days of vacation time remaining unused at the end of any calendar year into the first ninety (90) days of the following calendar year and the balance of any vacation time unused by the end of any calendar year shall be forfeited and the Executive shall not be entitled to any payment in respect thereof. An additional week of vacation time will be earned upon completing five (5) years of employment with the Corporation and/or any of its subsidiaries or affiliates, resulting in an entitlement to five (5) weeks of paid vacation per calendar year thereafter.

4.5 No Other Benefits

The Executive is not entitled to any other payment, benefit, perquisite, allowance or entitlement, other than as specifically set out in this Agreement or as otherwise agreed to in writing by the Board.

5. TERMINATION OF EMPLOYMENT

5.1 Events of Termination; Definition of "Date of Termination"

Notwithstanding any other provision in this Agreement, the Executive's employment and this Agreement may be terminated at any time as follows:

- (a) **Death** – automatically upon the death of the Executive, in which case the "Date of Termination" shall mean the date of the Executive's death;
 - (b) **Permanent Disability** – by the Corporation by reason of "**Permanent Disability**", meaning the mental or physical condition of the Executive such that the Executive has been unable, as a result of illness, disease, disability or similar cause, to fulfill the Executive's duties with the Corporation (A) for more than six (6) consecutive months or
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(B) for an aggregate of twelve (12) months within any consecutive eighteen (18) month period, or otherwise as permanent or total disability may be defined in the Corporation's long-term disability policies or plans in effect immediately prior to the occurrence of a disability with respect to the Executive, in which case the "Date of Termination" shall mean the effective date of termination set by the Corporation in its written notice of termination to the Executive following its determination of the Executive's Permanent Disability;

- (c) **By the Corporation for Cause** – by the Corporation at any time for Cause (as defined in Section 5.7), by providing written notice to the Executive specifying the act or omissions upon which the Corporation is relying to terminate the Executive's employment for Cause, in which case the "Date of Termination" shall mean the effective date set out by the Corporation in such written notice;
 - (d) **By the Corporation without Cause** – by the Corporation at any time without Cause (as defined in Section 5.7), by providing written notice to the Executive specifying the effective date of termination (which may be immediately), in which case the "Date of Termination" shall mean the effective date set out by the Corporation in such written notice;
 - (e) **Mutually Agreed Retirement** – by mutual agreement of the Executive and the Corporation on a specified retirement date, in which case the "Date of Termination" shall mean the effective date mutually agreed to by the parties in writing;
 - (f) **By the Executive without Good Reason** – by the Executive at any time in the absence of Good Reason (as defined in Section 5.8), by the Executive providing written notice to the Chief Executive Officer specifying the effective date of resignation (such date being **not less than six (6) weeks and not more than ten (10) weeks** following the date of the Executive's written notice (the "**Resignation Notice Period**")), in which case the "Date of Termination" shall mean the effective date set out by the Executive in such written notice, it being understood the Corporation is under no obligation to utilize the Executive's services during any part of the Resignation Notice Period and such waiver of services shall not constitute a termination of employment by the Corporation; or
 - (g) **By the Executive for Good Reason** – by the Executive at any time for Good Reason (as defined in Section 5.8), by the Executive providing written notice to the Chief Executive Officer specifying the event or events upon which the Executive is relying to terminate the Executive's employment for Good Reason, in which case the "Date of Termination" shall mean the effective date set out by the Executive in such written notice.
 - (h) For greater certainty, the "**Date of Termination**" means the actual date of termination described in (a) through (g) above, as applicable, and will not include any period following the actual date of termination in each instance during which the Executive is in receipt of, or is eligible to receive, any statutory, contractual or common law notice of termination or compensation in lieu thereof or severance payments following such actual date of termination.
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5.2 Severance Policy & Entitlements

The Executive's entitlements upon termination of employment are set forth in the *2021 Executive Severance Policy* adopted by the Compensation Committee and are adopted herein in this Section 5. Any such entitlements upon termination of employment, whether pursuant to the *2021 Executive Severance Policy* or provided elsewhere in this Agreement, are expressly conditioned upon compliance with Sections 5.11 (Payments in Full Satisfaction and Release) and 8.11 (Section 409A) of this Agreement, including the timing for any payment with respect to such entitlements. LICY and the Corporation reserve the right to amend the *2021 Executive Severance Policy* from time to time, which amended policy shall also be adopted herein by reference, provided that such amendments shall not (individually or in the aggregate) reduce the Executive's entitlements under this Section 5. The Corporation shall advise the Executive forthwith following any change to the *2021 Executive Severance Policy* and shall provide a supplement or addendum to this Agreement setting forth the applicable amendments to the 2021 Executive Severance Policy and this Agreement.

5.3 Termination for Death, Cause, Mutually Agreed Retirement or by the Executive Without Good Reason

If this Agreement and the Executive's employment hereunder are terminated pursuant to subsections 5.1(a) (Death), subsection 5.1(c) (by the Corporation for Cause), subsection 5.1 (Mutually Agreed Retirement) or subsection 5.1(f) (by the Executive without Good Reason), then:

- (a) the Corporation shall pay to the Executive or to the Executive's estate, as applicable, only (i) the Executive's accrued and unpaid Base Salary (at the rate in effect immediately prior to the Date of Termination), payable at the normally scheduled time, (ii) accrued vacation pay calculated up to and including the Date of Termination, payable within thirty (30) days following the Date of Termination, (iii) any amount accrued and arising from Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements, which amounts shall be payable in accordance with the terms and conditions and at the times set forth in such employee benefit plans, programs or arrangements, and (iv) any reimbursement owed to the Executive for business expenses properly incurred during the Term pursuant to Section 4.3 (the "**Basic Entitlements**");
 - (b) the Executive shall not be entitled to any STIP Award, pro-rated or otherwise, that has not yet been earned pursuant to subsection 3.4 for any previous financial year, for the financial year in which the Date of Termination occurs or for any time period after the Date of Termination, or for any compensation or damages in lieu of the same; and
 - (c) the post-employment treatment of the Executive's LTIP Awards (including without limitation share options and RSUs) will be determined in accordance with the terms of the 2021 Incentive Award Plan and/or any other applicable long-term incentive plan(s), the relevant award agreement(s), and the 2021 Executive Severance Policy adopted by the Compensation Committee; provided, however, that any amendments to the *2021 Executive Severance Policy* that would provide the Executive with less favourable treatment than would otherwise be provided under Section 5 of this Agreement shall not have effect in respect of the Executive's LTIP Awards.. It is understood that the
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Executive shall not be entitled to any damages or compensation in lieu of any equity award not made after the Date of Termination or any equity award that is forfeited on or following the Date of Termination.

5.4 Termination for Permanent Disability

If this Agreement and the Executive's employment hereunder are terminated pursuant to subsection 5.1(b) (Permanent Disability), then:

- (a) the Executive shall not be entitled to any STIP Award, pro-rated or otherwise, that has not yet been earned pursuant to subsection 3.4 or any previous financial year, for the financial year in which the Date of Termination occurs or for any time period after the Date of Termination, or for any compensation or damages in lieu of the same; and
- (b) the post-employment treatment of the Executive's LTIP Awards (including without limitation share options and RSUs) will be determined in accordance with the terms of the 2021 Incentive Award Plan and/or any other applicable long-term incentive plan(s), the relevant award agreement(s), and the 2021 Executive Severance Policy adopted by the Compensation Committee. It is understood that the Executive shall not be entitled to any damages or compensation in lieu of any equity award not made after the Date of Termination or any equity award that is forfeited on or following the Date of Termination.

5.5 Termination by the Corporation Without Cause or by the Executive for Good Reason in Either Case Prior to or More than 12 Months After a Change in Control

Subject to the Cure Period (as defined in subsection 5.8), if this Agreement and the Executive's employment hereunder are terminated pursuant to subsection 5.1(d) (by the Corporation without Cause) or pursuant to subsection 5.1(g) (by the Executive for Good Reason), in either case prior to a Change in Control or more than 12 months after a Change in Control, then:

- (a) the Corporation shall provide to the Executive the Basic Entitlements;
 - (b) for a period of twelve (12) months following the Date of Termination (the "**Severance Period**"), payment in equal monthly installments in accordance with regular payroll practices of the aggregate of the amounts set forth in subsections 5.5(b)i) plus 5.5(b)ii). divided by **12**:
 - i) twelve (12) months' Base Salary at the rate in effect immediately prior to the Date of Termination;*plus*
 - ii) an amount equal to the STIP Target of the Executive in respect of the financial year of the Corporation in which the Date of Termination occurs, pro-rated to **twelve (12)** months;
 - (c) if the Executive is eligible, the Executive will separately receive a packet of information describing how to elect continuing health coverage under the Consolidated Omnibus
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Budget Reconciliation Act of 1986 ("**COBRA**") and the Corporation will reimburse the Executive for the Executive's COBRA premiums in the amount of its current contribution for the health plan enrollment for the Executive and the Executive's dependents during the Severance Period (or, if a lesser period, through the date on which the Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan), so long as the Executive properly elects to enroll in COBRA benefits; provided that the Executive will be responsible for the remaining employee-portion of the premium payments during the Severance Period (or, if a lesser period, through the date on which the Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan), and thereafter, the Executive will be responsible for the entire premium payments;

- (d) other than as expressly set out above in subsection 5.5(b)(ii), the Executive shall not be entitled to any STIP Award, pro-rated or otherwise, that has not yet been earned pursuant to subsection **3.4** for any previous financial year, for the financial year in which the Date of Termination occurs or for any time period after the Date of Termination, or for any compensation or damages in lieu of the same;
- (e) the post-employment treatment of the Executive's LTIP Awards (including without limitation share options and RSUs) will be determined in accordance with the terms of the 2021 Incentive Award Plan and/or any other applicable long-term incentive plan(s), the relevant award agreement(s), and the 2021 Executive Severance Policy adopted by the Compensation Committee. It is understood that the Executive shall not be entitled to any damages or compensation in lieu of any equity award not made after the Date of Termination; and
- (f) outplacement career counseling to be provided in a format and by a provider approved by the Corporation consistent with the Corporation's normal practice, provided that such outplacement career counselling services shall end on the earliest to occur of (i) twelve (12) months following the Date of Termination and (ii) the date that the Executive obtains full-time employment.

5.6 Termination by the Corporation Without Cause or by the Executive for Good Reason, in Either Case Within Twelve (12) Months Following a Change in Control

Subject to the Cure Period (as defined in subsection 5.8), if this Agreement and the Executive's employment hereunder are terminated pursuant to subsection 5.1(d) (by the Corporation without Cause) or pursuant to subsection **5.1(g)** (by the Executive for Good Reason), in either case within twelve (12) months following a Change in Control, then:

- (a) the Corporation shall provide to the Executive the Basic Entitlements;
 - (b) a lump sum payment, payable on the first regular payroll date following the date the Release becomes effective and irrevocable, in an amount equivalent to the aggregate of the amounts set forth in subsections 5.6(b)i) plus 5.6(b)ii):
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- i) eighteen (18) months' Base Salary at the rate in effect immediately prior to the Date of Termination;*plus*
 - ii) an amount equal to the STIP Target of the Executive in respect of the financial year of the Corporation in which the Date of Termination occurs, pro-rated to eighteen (18) months;
 - (c) if the Executive is eligible, the Executive will separately receive a packet of information describing how to elect continuing health coverage under COBRA and the Corporation will reimburse the Executive for the Executive's COBRA premiums in the amount of its current contribution for the health plan enrollment for the Executive and the Executive's dependents for a period of eighteen (18) months commencing on the Date of Termination (or, if a lesser period, through the date on which the Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan), so long as the Executive properly elects to enroll in COBRA benefits; provided that the Executive will be responsible for the remaining employee-portion of the premium payments during the period of eighteen (18) months commencing on the Date of Termination (or, if a lesser period, through the date on which the Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan), and thereafter, the Executive will be responsible for the entire premium payments;
 - (d) subject to eligibility criteria pursuant to subsection 3.4, the Executive's entitlements to STIP Award(s) shall be as follows, payable as a lump sum on the Corporation's next payroll cycle following the Date of Termination:
 - i) the Executive shall receive the STIP Award in respect of the financial year immediately preceding the Date of Termination, to the extent earned and unpaid at the Date of Termination, calculated at the STIP Target for such financial year;
 - ii) the Executive shall receive the STIP Award in respect of the financial year of the Corporation in which the Date of Termination occurs, pro-rated from the start of such financial year to the Date of Termination, calculated at the STIP Target for such financial year; and
 - iii) other than as expressly set out above in subsection 5.6(b)ii) or 5.6(d)i) or ii), the Executive shall not be entitled to any further STIP Award, pro-rated or otherwise, for any period after the Date of Termination, or any compensation or damages in lieu of the same;
 - (e) the post-employment treatment of the Executive's LTIP Awards (including without limitation share options and RSUs) will be determined in accordance with the terms of the 2021 Incentive Award Plan and/or any other applicable long-term incentive plan(s), the relevant award agreement(s), and the 2021 Executive Severance Policy adopted by the Compensation Committee. It is understood that the Executive shall not be entitled to
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any damages or compensation in lieu of any equity award not made after the Date of Termination; and

- (f) outplacement career counseling to be provided in a format and by a provider approved by the Corporation consistent with the Corporation's normal practice, provided that such outplacement career counselling services shall end on the earliest to occur of (i) twelve (12) months following the Date of Termination and (ii) the date that the Executive obtains full-time employment.

5.7 Definition of "Cause"

For the purposes of this Agreement: "**Cause**" shall mean any of the following:

- (a) the Executive's commission of or conviction of (or plea of no contest *ornolo contendere* to) any felony under any state, federal or foreign law or any crime involving moral turpitude or dishonesty;
 - (b) the Executive's commission of an act of fraud, embezzlement, misappropriation of funds, misrepresentation, malfeasance, breach of fiduciary duty or other willful and material act of misconduct, in each case, against the Corporation or any of its subsidiaries or affiliates;
 - (c) any willful, material damage to any property of the Corporation (or that of any of its subsidiaries or affiliates) by the Executive;
 - (d) the Executive's willful failure or willful refusal to (A) substantially perform the Executive's material, lawful job functions hereunder (other than any such failure resulting from the Executive's Permanent Disability) or (B) carry out or comply with a lawful and reasonable directive of the Corporation;
 - (e) the Executive's breach of any corporate policy that materially harms the Corporation;
 - (f) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Corporation's premises (or that of any of its subsidiaries or affiliates) or while performing the Executive's duties and responsibilities under this Agreement;
 - (g) the Executive's breach of any material provision of this Agreement, the Confidentiality and Intellectual Property Rights Agreement or any other written agreement between the Executive and the Corporation.
-

5.8 Definition of “Good Reason”

For the purposes of this Agreement: “**Good Reason**” means and shall have occurred if, and only if, without the written consent of the Executive, there has been:

- (a) a material adverse change in the Executive’s compensation (including Base Salary, STIP and LTIP, and except as permitted by Section 3.1) or the conditions under and manner in which they are payable;
- (b) a material diminution of the Executive’s duties, title or position;
- (c) a change in the person or body to whom the Executive reports, except if such person or body is of equivalent rank or stature or such change is as a result of the resignation or removal of such person or the persons comprising such body, provided this shall not include a change resulting from a promotion in the normal course of business;
- (d) other than as part of a mandatory remote work arrangement arising out of applicable statutory, regulatory or public health requirements, or as part of a mutually agreed upon remote work arrangement between the Corporation and the Executive, a material change in the geographic location at which the Executive is regularly required to carry out the terms of the Executive’s employment, which shall include, but is not limited to, a location in a different municipality or a location which is greater than fifty (50) miles from the Place of Employment; or
- (e) other than as a result of a change in permitted travel arising out of the removal of COVID-19-related restrictions, a significant increase or change in the amount, nature or patterns of travel the Executive is required to conduct on behalf of the Corporation.

Notwithstanding the foregoing, no Good Reason will have occurred unless and until: (A) the Executive has provided the Corporation, within thirty (30) days of the initial occurrence of the Good Reason event, written-notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (B) the Corporation or its successor fails to cure such condition within thirty (30) days after receiving such written notice (the “**Cure Period**”), and (C) the Executive’s resignation based on such Good Reason is effective within thirty (30) days after the expiration of the Cure Period.

5.9 Definition of “Change in Control”

For the purposes of this Agreement: “**Change in Control**” shall have the meaning ascribed to such term in the Corporation’s 2021 Incentive Award Plan, provided that a transaction or event shall only constitute a Change in Control for purposes of this Agreement if the transaction or event also constitutes a “change in control event,” as defined in U.S. Treasury Regulation Section 1.409A-3(i)(5).

5.10 Prior Service

The Executive acknowledges and agrees that the Executive’s service with any employer prior to the Effective Date will not be included in the assessment of the Term or the Executive’s length of

employment with the Corporation for any purposes, including without limitation any entitlements under this Section 5.

5.11 Payments in Full Satisfaction and Release

The Executive acknowledges and agrees that the payments provided for in this Section 5 are fair and reasonable and that the payments, benefits and entitlements referred to in Sections 5.2 to 5.6 hereof are reasonable estimates of the damages which will be suffered by the Executive in the event of the termination of this Agreement and of the Executive's employment with the Corporation. Except as otherwise provided in Sections 5.2 to 5.6 hereof, the Executive shall not be entitled to any further notice of termination, payment in lieu of notice of termination, severance, damages, or any additional compensation whatsoever. As a condition to receiving any payment pursuant to Sections 5.2 to 5.6 hereof in excess of the Basic Entitlements, the Executive agrees to deliver a full and final release from all actions or claims in connection therewith in favor of the Corporation, the Corporation's affiliates, and all of their respective officers, directors, trustees, shareholders, employees, attorneys, insurers and agents, such release (the "**Release**") to be in a form satisfactory to the Corporation and to be provided by the Corporation at the time of termination.

5.12 Resignation of Offices & Directorships

In the event that the Executive's employment terminates for any reason whatsoever, then, at the request of the Corporation, the Executive will forthwith resign as a director and/or officer of LICY and the Corporation, and from any other position or office that the Executive then holds with any subsidiaries or affiliates of the Corporation or other entities where the Executive may have been requested to serve as a director or officer in connection with the performance by the Executive of the Executive's duties. In such event, the Executive shall, at the request of the Corporation, forthwith execute any and all documents appropriate to evidence such resignations. The Executive shall not be entitled to any payments in respect of such loss of office/directorship (unless outstanding and owing).

5.13 Corporation Property

The Executive acknowledges that all materials of the Corporation relating to the business and affairs of the Corporation, including, without limitation, manuals, documents, reports, equipment, technology, devices, hardware, software, corporate credit cards, security passes and keys, working materials and lists of customers or suppliers prepared by the Corporation or by the Executive in the course of the Executive's employment (or as part of the Executive's on-boarding prior to the Term) (collectively, "**Corporation Property**") are for the benefit of the Corporation and are and will remain the property of the Corporation. The Executive shall return all Corporation Property in the Executive's possession or under the Executive's control in good condition forthwith upon any request by the Corporation or upon any termination of this Agreement and of the Executive's employment hereunder (regardless of the reason for such termination).

6. COVENANTS OF THE EXECUTIVE

6.1 Non-Competition

The Executive shall not, during the Term and for **twelve (12)** months following the Date of Termination of the Executive's employment (such period, the "**Restricted Period**"), without the prior written consent of the Corporation, either individually or in partnership or jointly or in conjunction with any person as principal, employee, owner, sole proprietor, partner, director, officer, member, consultant, agent, founder, co-venturer, shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed five percent (5%) of the outstanding shares so listed) or in any other capacity whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit the Executive's name or any part of the Executive's name to be used or employed by any person engaged in or concerned with or interested in any business in Canada, the United States and any other country for which the Executive had responsibility during the last twelve (12) months of the Executive's employment with the Corporation that is the same as, substantially similar to or competitive with the business of the Corporation or any of its subsidiaries or affiliates within the lithium-ion battery recycling industry and any other line of business operated by the Corporation or any of its subsidiaries or affiliates in the future for which the Executive had responsibility during the last twelve (12) months of the Executive's employment with the Corporation.

The Executive confirms that all restrictions in the above paragraph are reasonable and valid and that the Executive waives all defences to the strict enforcement of such restrictions by the Corporation.

6.2 Non-Solicitation of Employees & Customers

The Executive shall not, during the Term and for the Restricted Period, without the prior written consent of the Corporation, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed five percent (5%) of the outstanding shares so listed) or any other manner whatsoever on the Executive's own behalf or on behalf of anyone competing or endeavouring to compete with the Corporation or any of its subsidiaries or affiliates:

- (a) induce or assist any person or entity in inducing any individual who was an employee of the Corporation or any of its subsidiaries or affiliates during the twelve (12) month period immediately before the Executive's termination of employment to leave the Executive's employment with the Corporation;
 - (b) directly or indirectly solicit or endeavour to solicit or gain the business of, canvass or interfere with the relationship of the Corporation or any of its subsidiaries or affiliates with, any person that:
 - i) is a customer, client or supplier of the Corporation or any of its subsidiaries or affiliates;
-

- ii) was a customer, client or supplier of the Corporation or any of its subsidiaries or affiliates at any time within twelve (12) months prior to the date the Executive's termination of employment; or
- iii) with the Executive's knowledge, has been pursued as a prospective customer, client or supplier by or on behalf of the Corporation or any of its subsidiaries or affiliates at any time within twelve (12) months prior to the date the Executive's termination of employment and in respect of whom the Corporation or any of its subsidiaries or affiliates (as the case may be) has not determined to cease all such pursuit.

The Executive confirms that all restrictions in the above paragraph are reasonable and valid and that the Executive waives all defences to the strict enforcement of such restrictions by the Corporation.

6.3 Corporate Opportunities

Any business opportunities relating in any way to the business and affairs of the Corporation or any of its subsidiaries or affiliates which become known to the Executive in the course of the Executive's employment hereunder (or as part of the Executive's on-boarding prior to the Term) shall be fully disclosed and made available to the Corporation and shall not, except with the written consent of the Board, be appropriated by the Executive under any circumstance both during the Term and for the Restricted Period.

6.4 Non-Disparagement

The Executive covenants and agrees that the Executive shall not, during the Term and for the Restricted Period, engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the business of the Corporation or its subsidiaries or affiliates (including without limitation LICY) or its or their respective employees, provided, however, that nothing in this Section 6.4 shall prohibit Executive from exercising any rights under Section 7 of the National Labor Relations Act.

6.5 Confidentiality and Intellectual Property Rights Agreement

This Agreement and the Executive's employment with the Corporation hereunder are conditional upon the Executive executing and complying at all times with the Confidentiality and Intellectual Property Rights Agreement which is attached hereto as EXHIBIT "A" and forms part of this Agreement.

6.6 Recognition

The Executive expressly recognizes and expressly acknowledges that:

- (a) Section 6 of this Agreement is of the essence of this Agreement, and that the Corporation would not have entered into this Agreement without the inclusion of those provisions and the Executive's commitment to abide by same.
-

- (b) the application of Section 6 of this Agreement will not have the effect of prohibiting the Executive from earning a living in a satisfactory manner in the event of the termination of this Agreement and the Executive's employment.
- (c) Section 6 of this Agreement grants to the Corporation only such reasonable protection as is necessary to preserve the legitimate interests of the Corporation and the Executive equally recognizes, in this respect, that the description of the business and the territory are reasonable.

6.7 Remedies

The Executive hereby recognizes and expressly acknowledges that the Corporation would be subject to irreparable harm should any of the provisions of Section 6 be infringed, or should any of the Executive's obligations hereunder be breached by the Executive, and that damages alone will be an inadequate remedy for any breach or violation thereof and that the Corporation, in addition to all other remedies, will be entitled as a matter of right to equitable relief, including temporary or permanent injunction to restrain such breach.

6.8 Suspension or Termination of Compensation and Benefits

In the event that the Corporation determines that, without the express written consent of the Corporation, the Executive has breached any provisions of Section 6 of this Agreement, the Corporation will have the right to suspend or terminate any or all remaining payments and/or benefits, if any, referenced in Sections 5.2 to 5.6 of this Agreement, other than the Basic Entitlements. Such suspension or termination of payments and/or benefits shall not constitute Good Reason under this Agreement and will be in addition to and will not limit any and all other rights and remedies as set out in Section 6.7 of this Agreement that the Corporation may have against the Executive.

6.9 Suspension with Pay

The Executive acknowledges that, during the course of the Executive's employment, the Board may exercise its discretion to suspend the Executive with pay in furtherance of any internal investigation relating to the Executive's conduct and agrees that such a suspension shall not constitute Good Reason under this Agreement.

6.10 Fiduciary Obligations

Nothing in this Section 6 is intended to limit the fiduciary obligations that the Executive owes to the Corporation.

6.11 No Conflicting Obligations

The Executive acknowledges, represents and warrants that: (i) the Executive did not sign and is not a party to any agreement, whether non-competition, non-solicitation, or otherwise, with any prior employer which in any way whatsoever restricts or limits the Executive's ability to provide services under this Agreement, and that the Executive is wholly free and at liberty to enter into this Agreement, to continue the Executive's employment with and provide services to the Corporation as contemplated by

this Agreement; and (ii) in the performance of the Executive's duties for the Corporation, the Executive shall not improperly bring to the Corporation or use any trade secrets, confidential information or other proprietary information of any third party and shall not infringe the intellectual property of any third party.

7. NOTICES

7.1 Notices

Any notice in writing required or permitted to be given by this Agreement to be given or made by a party hereto must be in writing and be sufficiently given if delivered personally, delivered by overnight courier, sent by pre-paid registered mail or by e-mail addressed to the recipient as follows:

(a) To the Executive at:

Conor Spollen
[XXX]
E-mail: [XXX]

(b) To the Corporation at:

Li-Cycle U.S. Inc.
c/o Li-Cycle Holdings Corp.
207 Queens Quay West
Suite 590
Toronto, Ontario
M5J 1A7
Canada

E-mail: [XXX]

Attention: President and CEO

or to such other street address or e-mail address as may be designated by notice given by either party to the other.

Any such notice delivered personally shall be deemed to have been received on the date of delivery thereof; any such notice delivered by overnight courier shall be deemed to have been received on the second day following the date of couriering; any such notice delivered by e-mail shall be deemed to have been received on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day; and any such notice delivered by pre-paid registered mail shall be deemed to have been received on the fifth day following the date of mailing. Notwithstanding the foregoing, if a strike or lockout of postal service is in effect, or generally known to be impending, notice must be effected by personal delivery or by e-mail communication.

7.2 Change of Address

Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.

8. GENERAL

8.1 Entire Agreement

Except as specifically set forth herein, this Agreement constitutes the entire agreement between the parties with respect to the employment of the Executive with the Corporation and any and all other previous and contemporaneous agreements or statements, including but not limited to understandings, negotiations and discussions, whether written or oral, between the parties hereto or on their behalf relating to the employment of the Executive by the Corporation are hereby superseded. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement. Each of the parties hereto hereby releases and forever discharges the other of and from all manner of actions, causes of action, claims and demands whatsoever under or in respect of such previous agreements. In particular, the Executive agrees that from and after the Effective Date, the Previous Agreement is of no force and effect and the Executive covenants that no further amounts are payable thereunder.

8.2 Severability

If any covenant or provision of this Agreement is determined to be invalid, void or unenforceable in whole or in part, it shall not nor be deemed to affect or impair the validity of any other covenant or provision hereof and each of such covenants and provisions is hereby declared to be separate and distinct and severable from each of the others for the purpose of this Agreement.

8.3 Choice of Law

This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of New York without reference to the principles of conflicts of law of the State of New York or any other jurisdiction that would result in application of the laws of a jurisdiction other than the State of New York, and where applicable, the laws of the United States.

8.4 Equitable Remedies

The Executive hereby acknowledges and agrees that a breach of the Executive's obligations under this Agreement may result in damages to the Employer that may not be adequately compensated for by monetary award. Accordingly, in the event of any breach of this agreement by the Executive, in addition to all other remedies available to the Corporation under this Agreement, at law or in equity, the Corporation will be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree or otherwise, as may be appropriate to ensure compliance with the provisions of this Agreement and protection of the Corporation's business and/or property.

8.5 Dispute Resolution

To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, the Executive and the Corporation agree that, except as excluded herein, any and all controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms or otherwise arising out of the parties' relationship, shall be resolved solely and exclusively by final and binding arbitration held in **Rochester County, New York** through JAMS in conformity with New York law and the then-existing JAMS employment arbitration rules, which can be found at <https://www.jamsadr.com/rules-employment-arbitration/>. The *Federal Arbitration Act*, 9 U.S.C. §§ 1 et seq. shall govern the interpretation and enforcement of this arbitration clause. All remedies available from a court of competent jurisdiction shall be available in the arbitration; provided, however, in the event of a breach of the Confidentiality and Intellectual Property Rights Agreement, the Corporation may request relief from a court of competent jurisdiction if such relief is not available or not available in a timely fashion through arbitration as determined by the Corporation. The arbitrator shall: (a) provide adequate discovery for the resolution of the dispute; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall award the prevailing Party attorneys' fees and expert fees, if any. Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations imposed on them under this Agreement, and that in the event of any such failure, the Corporation or any of its subsidiaries or affiliates, as applicable, will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to seek injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of the Confidentiality and Intellectual Property Rights Agreement, none of the parties shall raise the defense, without a good faith basis for raising such defense, that there is an adequate remedy at law. The Executive and the Corporation understand that by agreement to arbitrate any claim pursuant to this Section 8.5, they will not have the right to have any claim decided by a jury or a court, but shall instead have any claim decided through arbitration. The Executive and the Corporation waive any constitutional or other right to bring claims covered by this Agreement other than in their individual capacities. Except as may be prohibited by applicable law, the foregoing waiver includes the ability to assert claims as a plaintiff or class member in any purported class or collective action or representative proceeding. Nothing herein shall limit the Executive's ability to pursue claims for workers compensation or unemployment benefits or pursue other claims which by law cannot be subject to mandatory arbitration.

8.6 Assignment

Except as otherwise expressly provided herein, neither this Agreement nor any rights or obligations are assignable by the Executive. The Corporation may assign this Agreement to any of its affiliates or subsidiaries or to any successor (whether direct or indirect, by purchase, amalgamation, arrangement, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation. The Executive, by the Executive's signature hereto, expressly consents to such assignment and, provided that such successor agrees to assume and be bound by the terms and conditions of this Agreement, all references to the "**Corporation**" herein shall include its successor.

8.7 Successors and Assigns

The provisions hereof including, without limitation, Section 6, shall inure to the benefit of and be binding upon the Executive and the Executive's heirs, executors, administrators and legal personal representatives and upon the Corporation and its successors and assigns. For this purpose, the terms "**successors and assigns**" of the Corporation shall include any person, firm, corporation or other entity which, at any time, whether by merger, purchase or otherwise shall acquire all or substantially all the assets or business of the Corporation.

8.8 Survival

Notwithstanding the termination of this Agreement, each party shall remain bound by the provisions of this Agreement which by their terms impose obligations upon that party that extend beyond the termination of this Agreement.

8.9 Amendments

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties.

8.10 Waiver

No provision of this Agreement shall be deemed to be waived as a result of the failure of the Corporation to require the performance of any term or condition of this Agreement or by other course of conduct. To be effective, a waiver must be in writing, signed by each of the parties hereto and state specifically that it is intended to constitute a waiver of a term or breach of this Agreement. The waiver by the Corporation of any term or breach of this Agreement shall not prevent a subsequent enforcement of such term or any other term and shall not be deemed to be a waiver of any subsequent breach.

8.11 Section 409A

(a) *General.* The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code ("**Section 409A**") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(b) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon the Executive's termination of employment shall be payable only upon the Executive's "separation from service" with the Corporation within the meaning of Section 409A (a "**Separation from Service**").

(c) *Specified Employee.* Notwithstanding anything in this Agreement to the contrary, if the Executive is deemed by the Corporation at the time of the Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which the Executive is entitled under this Agreement is required in order to avoid a

prohibited distribution under Section 409A, such portion of the Executive's benefits shall not be provided to the Executive prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of the Executive's Separation from Service with the Corporation or (B) the date of the Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to the Executive (or the Executive's estate or beneficiaries), and any remaining payments due to the Executive under this Agreement shall be paid as otherwise provided herein.

(d) *Expense Reimbursements.* To the extent that any reimbursements or in-kind benefits under this Agreement are subject to Section 409A, any such reimbursements payable to the Executive shall be paid to the Executive no later than December 31st of the year following the year in which the expense was incurred and shall only be paid if the Executive submits the Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed or the in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or in-kind benefits in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and the Executive's right to such payments or reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(e) *Installments.* The Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Corporation payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

(f) *Release.* Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of the Executive's termination of employment are subject to the Executive's execution and delivery of the Release, (i) if the Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes the Executive's acceptance of the Release thereafter, the Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where the Executive's Date of Termination and the last day the Release may be considered or, if applicable, revoked, fall in two separate taxable years, any payments required to be made to the Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 8.11(f), "**Release Expiration Date**" shall mean: (1) if the Executive is under 40 years old as of the Date of Termination, the date that is seven (7) days following the date upon which the Corporation timely delivers the Release to the Executive, and (2) if the Executive is 40 years or older as of the Date of Termination, the date that is 21 days following the date upon which the Corporation timely delivers the Release to the Executive, or, in the event that the Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the *Age Discrimination in Employment Act of 1967*), the date that is 45 days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are delayed pursuant to this Section 8.11(f), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 8.11(d)(ii), on the first payroll period to occur in the subsequent taxable year, if later.

8.12 Whistleblower Protections and Trade Secrets

Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of U.S. federal law or regulation to any U.S. governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the *Securities Exchange Act of 1934* or Section 806 of the *Sarbanes-Oxley Act of 2002*, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such governmental agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) the Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any U.S. federal or state trade secret law (A) for the disclosure of a trade secret that is made in confidence to a U.S. federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (B) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if the Executive files a lawsuit for retaliation by the Corporation for reporting a suspected violation of law, then the Executive may disclose the trade secret to the Executive's attorney, and may use the trade secret information in the court proceeding, if the Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

8.13 Independent Legal and Tax Advice

The Executive hereby represents and warrants to the Corporation that, prior to executing this Agreement, the Executive has sought and obtained or had the opportunity to seek and obtain independent legal and/or tax advice with respect to this Agreement from a lawyer and/or tax professional of their choice; the Executive fully understands the nature and effect of this Agreement; and the Executive has freely and voluntarily entered into this Agreement in good faith and without any form of inducement. Upon the Executive's submission of itemized proof and verification of reasonable legal fees and/or professional tax advisor fees incurred by the Executive in obtaining legal and/or professional tax advice associated with the review, preparation, approval, and execution of this Agreement, the Corporation will reimburse the Executive up to a maximum of USD\$5,000 (in the aggregate and exclusive of applicable taxes) for all such fees, no later than thirty (30) days of receipt of an invoice for such services and subject to the Executive's continued employment through the date of such reimbursement.

8.14 Further Assurances

Each of the parties hereto hereby covenants and agrees to execute or cause to be executed all such further and other documents as may be necessary or desirable to give effect to the purpose and intent of this Agreement.

8.15 Counterparts

This Agreement may be executed by the parties in one or more counterparts, each of which when so executed and delivered will be deemed to be an original and such counterparts will together constitute one and the same instrument.

[Signature Page Follows]



IN WITNESS WHEREOF the Corporation has duly executed this Agreement under the hand of one of its officers duly authorized in that regard and the Executive has duly executed this Agreement.

LI-CYCLE U.S. INC.

Per: /s/ Ajay Kochhar
Name: Ajay Kochhar
Title: Director

SIGNED AND DELIVERED)	
in the presence of:)	
)	
)	
<u>/s/ Mary Spollen</u>)	<u>/s/ Conor Spollen</u>
Name of Witness: Mary Spollen)	Conor Spollen

Date: May 3, 2024

Schedule A
PERMITTED CHARITABLE, COMMUNITY & OTHER ACTIVITIES

[XXX]

Schedule B
EXECUTIVE PLANS
(2024 Summary)

Section I: Welfare Benefit Plans

The list of Welfare Benefit Plans set forth below is a summary and provided for reference only; the Executive must refer to the terms and conditions of the relevant Welfare Benefit Plan texts, where applicable. Where there is any conflict between the summary set out below, the Agreement and/or the applicable Welfare Benefit Plan terms or conditions, as amended from time to time, the Welfare Benefit Plan terms and conditions shall govern.

For all purposes in this Agreement, “**Welfare Benefit Plans**” shall consist of the following:

(a) U.S. Benefits Program (2024)

Refer to U.S. Benefits Plan Summary for details.

The following benefits (collectively, the “**Primary Coverages**”) are available during active employment and shall be continued following termination of active employment in accordance with the terms set forth in the Agreement:

- Medical Plan (per Option 1 or Option 2)
- Dental Plan
- Vision Plan

The following benefits and the Executive Medical Assessment (defined below) (collectively, the “**Ancillary Coverages**”) are available during active employment, but the relevant coverage and premiums may be terminated by the Corporation following termination of active employment:

- Life Insurance/Accidental Death and Dismemberment Insurance
- Short-Term Disability
- Long-Term Disability

(b) Executive Medical Assessment

An annual comprehensive “executive” medical assessment at a U.S. medical facility selected by the Corporation (the “**Executive Medical Assessment**”).

Section II: Perquisites

For all purposes in this Agreement, "**Perquisites**" shall consist of the following:

(a) Electric Vehicle Allowance

The Corporation shall provide the Executive an electric vehicle allowance, in accordance with the Corporation's policies in effect from time to time, provided that the Executive has furnished evidence of the Executive's purchase or lease of an electric vehicle that is satisfactory to the Corporation. For 2024, the allowance will be established at USD\$2,500 per month.

EXHIBIT "A"

CONFIDENTIALITY AND INTELLECTUAL PROPERTY RIGHTS AGREEMENT

[XXX]

Confidential portions of this exhibit have been omitted because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. The redacted terms have been marked at the appropriate place with "[XXX]".



207 Queen's Quay West, Unit 590
Toronto, ON M5J 1A7, Canada
Tel. 877 542 9253 • www.li-cycle.com

March 26, 2024 (Revised April 24, 2024)

BY HAND

PERSONAL & CONFIDENTIAL

WITHOUT PREJUDICE

Ms. Debbie Simpson
[XXX]

Dear Debbie,

This letter confirms our recent discussions regarding the mutual separation of your employment with Li-Cycle Corp. ("Li-Cycle" or the "Company") as a result of the corporate organizational review, which is effective as of **May 31, 2024** (the "Separation Date").

As discussed, effective immediately as of today's date, you will be removed from and will no longer occupy the office of Chief Financial Officer. Instead, between the date of this letter and the Separation Date (the "Working Notice Period"), you will be employed by Li-Cycle in the position of Advisor and will transition the work associated with your previous position as Chief Financial Officer and support of the incoming Interim Chief Financial Officer. During the Working Notice Period, all other existing terms and conditions of employment, including with respect to compensation and benefits, will continue without amendment unless expressly set out otherwise in this letter. You will be expected to attend at work in the normal course. You will receive all wages and vacation pay accrued and unpaid, less applicable statutory deductions, up to and including the Separation Date, on the first available regularly scheduled payroll run after **May 31, 2024**.

You will be reimbursed for all outstanding expenses you have properly incurred up to and including the Separation Date. In this regard, please submit any receipts, invoices, or statements to the attention of Christine Barwell, CHRO, at [XXX] by no later than **June 7, 2024**. You will continue to be eligible for tax preparation reimbursement in accordance with Article 3.10 of your employment agreement with Li-Cycle dated December 6, 2021 (the "Employment Agreement").

Your Record of Employment ("ROE") will be sent directly to Service Canada in due course. Thereafter, you may access your ROE through the Service Canada website.

SEVERANCE ENTITLEMENTS

The Working Notice Period is provided in satisfaction of Li-Cycle's statutory notice of termination obligations under the *Employment Standards Act, 2000* (Ontario) (the "ESA"), including with respect to the continuance of benefits coverages. Nonetheless, Li-Cycle has elected not to offset its further contractual severance obligations with the Working Notice Period and as such, in addition to the Working Notice Period and subject to your compliance with all conditions noted below, you will be provided with the following in accordance with and in full satisfaction of any further statutory entitlements under the and the terms and conditions of your Employment Agreement (and in particular, Article 5 therein which contractually establishes and governs your entitlements upon termination):

Accrued Entitlements: In accordance with section 5.5(a) of the Employment Agreement, you will be provided with your Basic Entitlements (as defined in the Employment Agreement).

Salary Continuance: In accordance with section 5.5(b) of the Employment Agreement, for a period of twelve (12) months from the Separation Date to May 31, 2025 (the "Severance Period"), Li-Cycle will provide you with salary continuance payments on a bi-weekly basis in the amount of \$42,307.69 USD, less applicable deductions, per pay cycle, which is equivalent to your current base salary plus \$21,153.85 USD (which reflects the STIP Target in respect of the current fiscal year, divided by twenty-six). This Severance Period is not subject to mitigation.

RRSP Eligibility. In accordance with the terms and conditions of such RRSP plan(s) in effect and as amended from time to time and section 5.5(c) of your Employment Agreement, your participation in Li-Cycle's RRSP plan(s) shall continue until the conclusion of the statutory notice period on the Separation Date, after which time all such participation shall automatically cease.

Benefits Continuance. In accordance with section 5.5(d) of your Employment Agreement, you will continue to participate in the Executive Plans (which are comprised of Ancillary Coverages, Perquisites, and Primary Coverages, as such terms are defined in your Employment Agreement) until the conclusion of the statutory notice period on the Separation Date after which time the Ancillary Coverages and Perquisites will automatically cease. Thereafter, subject to all applicable plan terms and conditions, in place and as amended from time to time, as well as the approval of the respective insurers, you will continue to be entitled to participate in the Primary Coverages until the earlier of the end of the Severance Period or the date on which you become entitled to participate in similar benefit plans with another employer, at which point all Primary Coverages will automatically cease. As a condition of this offer, you agree to immediately advise Li-Cycle of your participation in benefits plans through an alternate employer. Life insurance coverage may, at your option, be converted from group to individual coverage within 30 days of the Separation Date. Health and Dental coverage may, at your option, be converted from group to individual coverage within 90 days of the cessation of coverage. For further details, please contact Justin Orsini at [XXX] or via email at [XXX].

Short Term Incentive Plan (STIP). After much analysis and deliberation, the Board of Directors, at its sole discretion, has determined that STIP payments will not be awarded in respect of the performance period November 2022 to December 2023 inclusive. In accordance with section 5.5(e) of your Employment Agreement, other than the amount in lieu of STIP to be included in the salary continuance payments described above in paragraph 2, you shall have no further or other entitlement to STIP or any form of compensation or damages in lieu of the same.

LTIP/Executive Share Ownership. In accordance with section 5.5 (f) of your Employment Agreement, your eligibility under the long-term incentive plan ("LTIP") in connection with and following The cessation of your employment, and any executive share ownership requirements in place and as amended from time to time, shall be governed by terms and conditions of the applicable LTIP/equity agreement(s) and plan document(s) in place and as amended from time to time, and any discretionary decisions made by the Board of Directors in due course. Please access your "Shareworks by Morgan Stanley" account for further information in this regard.

Outplacement. In accordance with section 5.5(g) of your Employment Agreement, Li-Cycle will provide you with access to outplacement counselling with The Talent Company at Li-Cycle's expense during the Severance

Period, noting that such services shall end on the earlier of the last day of the Severance Period or the date you secure full-time employment. It is a condition of this offer that you advise Li-Cycle of your commencement of such employment. If you would like to engage this service, please contact Christine Barwell, CHRO, at [XXX].

Release and Indemnity. In accordance with section 5.11 of your Employment Agreement, as a condition of receiving the amounts and benefits set out at paragraphs 2-7 above, you agree and acknowledge that you will sign and deliver either by hand or via email to the attention of Christine Barwell, CHRO ([XXX]), (i) the Acknowledgement below by no later than **5:00 pm EST on April 30, 2024** and (ii) the Release & Indemnity, attached at Schedule "A" hereto **by no earlier than 5:00 pm EST on May 31, 2024 and no later than 5:00 pm EST on June 1, 2024**. If you do not accept this offer by returning signed copies of the Acknowledgement and the Release & Indemnity by the corresponding deadlines, this offer will automatically be revoked and, pursuant to the terms of your Employment Agreement, you will receive only the minimum amounts and benefits to which you are entitled in relation to the termination of your employment pursuant to the *Employment Standards Act, 2000* (Ontario).

Litigation Cooperation. As a condition of this offer, you agree that you will cooperate with, and make yourself readily available to, Li-Cycle, its affiliated and related businesses, and/or their respective advisers, as Li-Cycle may reasonably request, to assist in any matter regarding any of the Releasees (as such term is defined in the attached Release), including providing information, in the form of documentation and/or witness statement(s) and/or testimony, for any litigation, potential litigation, internal investigation, or administrative, regulatory, judicial or quasi-judicial proceeding involving Li-Cycle (and/or its related or affiliated entities) about which you have experience or information. Li-Cycle will reimburse you for your time spent on litigation matters at the request of the Company or its counsel at the rate of \$2,115 USD per day (\$1,058 USD per half day) and for any reasonable expenses incurred by you as a consequence of complying with this paragraph 9, provided that such time and expenses are approved in advance by Li-Cycle. For clarity, this litigation cooperation provision does not preclude, and should not be interpreted as precluding, any lawful, good faith report under applicable whistleblower legislation by you or otherwise complying with disclosure or similar obligations required by law.

Indemnification. Subject to and in accordance with the terms and conditions of the same, you will continue to be covered by and subject to the Director and Officer Indemnification Agreement as between you and Li-Cycle Holdings Corp. dated December 13, 2021, which is not amended by this separation offer.

Mutual Non-Disparagement. You will not comment, whether directly or indirectly, in any forum (including, without limitation, through social media channels) and/or through any means whatsoever (including, without limitation, in writing or verbally), in any adverse, disparaging, or defamatory fashion on the Releasees (as such term is defined in the attached Release) or any of them, including, without limitation, on their respective business affairs, practices, and operations, or your relationship with any of them. For clarity, this non-disparagement provision does not preclude, and should not be interpreted as precluding, any lawful, good faith report under applicable whistleblower legislation by you or otherwise complying with disclosure or similar obligations required by law. Li-Cycle agrees that (i) it will not make any corporate statements that are disparaging of you.

Deductions and Withholdings. All payments and arrangements set out in this letter are subject to all applicable statutory deductions and withholdings. We suggest that you consult with your financial advisor to determine if you are entitled to transfer some or all of these payments to a registered retirement savings plan.

Legal Expenses. Subject to and conditional upon your agreement to and full execution of this letter and the attached Release, Li-Cycle agrees to pay your legal expenses personally incurred in respect of the termination of your employment and the resolution of the terms of the termination of your employment, up to an aggregate maximum of \$5,000 + HST, to be paid directly to your legal counsel, Paliare Roland Rosenberg Rothstein LLP, in trust, upon receipt of a lawful written direction from you and an invoice from the law firm.

Regardless of whether you accept the offer set out herein or not, you must:

- (a) return all Li-Cycle property in your possession or under your control, stored in any form whatsoever, together with any copies, by contacting Kevin Hall at [XXX] or via email at [XXX] by no later than 5:00pm on the Separation Date in accordance with section 5.13 of your Employment Agreement;
- (b) comply, at all times up to and following the Separation Date, with all of your ongoing fiduciary, common law, as applicable, and contractual post-employment obligations, including pursuant to your Employment Agreement (including the clawback provisions at section 3.6 therein, the non-competition and non-solicitation covenants at Article 6 therein, and the confidentiality and intellectual property-related covenants set out in the Confidentiality and Intellectual Property Rights Agreement attached to the Employment Agreement at Exhibit "A") and the attached Release. Your obligations in this regard continue following the cessation of your employment and regardless of whether you accept the offer described in this letter;
- (c) take all steps required under section 5.12 of your Employment Agreement or otherwise to evidence the resignation of all directorships and offices with Li-Cycle or any subsidiaries or affiliates of the Company; and
- (d) maintain confidentiality with respect to the terms and conditions of this offer and not disclose the same to any person or entity other than your spouse, your legal counsel or financial advisor, or as required by law. Any party to whom you make permitted disclosure must also maintain confidentiality with respect to the terms and conditions of this letter.

If you have any questions or require clarification of any of the matters in this letter, please contact me at [XXX] or via email at [XXX] at your convenience. We wish to thank you for your service with and contributions to Li-Cycle and wish you the best in your future endeavours.

Yours truly,

/s/ Christine Barwell

Christine Barwell
Chief Human Resources Officer

ACKNOWLEDGEMENT

I have carefully read, fully understand and hereby voluntarily accept the separation package offered to me above after being provided with a reasonable and sufficient opportunity to ask questions and to seek independent legal advice in relation to this offer.

Date: 26-04-24

Witness: /s/ Colin Martin Simpson

/s/ Debbie Simpson

Debbie Simpson - Sign and Print
D K Simpson

SCHEDULE "A"

RELEASE AND INDEMNITY

WHEREAS:

- (a) the employment of Debbie Simpson ("**Employee**") with Li-Cycle Corp. ("**Employer**") ceased as a result of a mutual separation effective on **May 31, 2024**; and
- (b) Employee has agreed to accept the terms of settlement outlined in the revised mutual separation letter from Employer dated **April 24, 2024**, to which this Release and Indemnity is attached (the "**Terms of Settlement**") in full settlement of all Claims (as defined below) which Employee may have relating to their employment with Employer or the cessation of such employment;

NOW THEREFORE THIS RELEASE AND INDEMNITY WITNESSES that, in consideration of the Terms of Settlement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee agrees as follows:

1. Release and Indemnity

Employee hereby:

- (a) releases and forever discharges:
 - (i) Employer, its current and former directors, officers, trustees, shareholders, employees, contractors and agents;
 - (ii) all corporations and entities associated or affiliated with Employer and their respective current and former directors, officers, trustees, shareholders, employees, contractors and agents; and
 - (iii) the respective heirs, executors, administrators, other legal representatives, successors and assigns of the aforesaid corporations, individuals and other entities

(individually, a "**Releasee**" and, collectively, the "**Releasees**") from any and all actions, causes of action, claims, proceedings, actions, complaints and demands whatsoever, whether known or unknown, that have arisen or that may arise at any time in the future (individually, a "**Claim**" and, collectively, the "**Claims**") and, without limiting the generality of the foregoing, all Claims arising from the employment of Employee with Employer or the cessation of such employment, including all Claims, contractual, statutory or otherwise, under any benefit plan in which Employee participated (including but not limited to any short or long-term disability benefits plan(s)) or may have been entitled to participate during their employment, and all Claims for salary, wages, commissions, incentive compensation, bonuses, pension, stock options, shares or

other securities, benefits, overtime pay, vacation pay, holiday pay, any other form of remuneration, benefit or perquisite, termination pay, severance pay, compensation in lieu of notice, damages for wrongful dismissal, any other forms of damage and reinstatement in employment, and including any express or implied right under any contract of employment, the common law, the *Employment Standards Act, 2000* (Ontario), the *Labour Relations Act, 1995* (Ontario), the *Occupational Health and Safety Act* (Ontario) or any other statute or regulation, apart from any action or proceeding by the Employee to enforce the terms of the Terms of Settlement;

- (b) agrees that they are aware of their rights under the *Human Rights Code* (Ontario), confirms that they are not and do not intend to assert such rights or advance a Claim under the *Human Rights Code* (Ontario) relating to their employment with Employer or the termination of such employment, and hereby releases and forever discharges the Releasees from any such Claims;
- (c) agrees, for the benefit of the Releasees, not to make any Claim or take any proceeding with respect to any matter released and discharged herein that may result in any Claim arising against any Releasee for contribution or indemnity or other relief;
- (d) agrees to indemnify and save harmless the Releasees from and against all Claims asserted against and all losses, damages, fines, penalties, deficiencies, losses, liabilities (whether accrued, actual, contingent, latent or otherwise), costs, fees and expenses (including but not limited to interest, court costs and reasonable fees and expenses of lawyers, accountants and other experts and professionals) (collectively, the "**Losses**") incurred by any of the Releasees directly or indirectly arising out of or resulting from any of the Claims described in Sections 1(a) and (b) or any breach of the covenant contained in Section 1(c);
- (e) agrees to indemnify and save harmless the Releasees from and against any and all Claims under the *Income Tax Act* (Canada), the *Income Tax Act* (Ontario), the *Canada Pension Plan Act*, the *Employment Insurance Act* (Canada), including any regulations made thereunder, and any other statute or regulations, for or in respect of any failure on the part of the Releasees to withhold income tax, Canada Pension Plan premiums, employment insurance premiums or benefit overpayments or any other tax, premium, payment or levy from all or any part of the said consideration and any Losses arising from any such Claims;
- (f) agrees to comply with all post-employment and other obligations set forth in the Employee's employment agreement with the Employer dated September 6, 2022 (the "**Employment Agreement**") and in the mutual separation letter dated March 26, 2024 (Revised April 24, 2024);
- (g) acknowledges and confirms that they have received a copy of the Employer's Executive Compensation Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "Clawback Policy"), and that the Clawback Policy as well as section 3.6 of the Employment Agreement will apply both during and after the Employee's employment with the Employer. Further, the Employee agrees to abide by the terms of the Clawback Policy, including by returning any Excess Awarded Compensation (as defined in the Clawback Policy) to the Employer to the extent required by, and in a manner permitted by, the

Clawback Policy and/or by executing a written wage deduction authorization in a form provided by the Employer in connection with Excess Awarded Compensation. In the event of any inconsistency between the Clawback Policy and the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid to or by the Employee, the terms of the Clawback Policy shall govern to the full extent permitted by applicable laws;

- (h) agrees to keep the terms of this Release and Indemnity and the Terms of Settlement and the discussions leading up to them completely confidential, and not to disclose the terms of this Release and Indemnity, the Terms of Settlement and the discussions leading up to them except to immediate family members properly cautioned, legal and financial advisors, or to the extent that disclosure is required by law;
- (i) agrees that they will not comment, whether directly or indirectly, in any forum (including, without limitation, through social media channels) and/or through any means whatsoever (including, without limitation, in writing or verbally), in any adverse, disparaging, or defamatory fashion on the Releasees (as such term is defined in the attached Release) or any of them, including, without limitation, on their respective business affairs, practices, and operations, or their relationship with any of them. For clarity, this non-disparagement provision does not preclude, and should not be interpreted as precluding, any lawful, good faith report under applicable whistleblower legislation by the Employee or otherwise prevent the Employee from complying with disclosure or similar obligations required by law;
- (j) acknowledges and agrees that the Releasees other than Employer are intended to be third party beneficiaries of this Release and Indemnity and, as such, each of such Releasees are entitled to enjoy the benefits of this Release and Indemnity and have the right to independently enforce the terms of this Release and Indemnity directly against Employer; and
- (k) to the extent necessary to entitle the Releasees to enjoy the benefits of this Release and Indemnity, appoints Employer as the trustee for such Releasees of the provisions of this Release and Indemnity that are for their benefit.

2. Independent Legal Advice

Employee declares that they had a reasonable and sufficient opportunity to seek independent legal advice with respect to the Terms of Settlement as well as this Release and Indemnity and fully understands them.

Employee hereby voluntarily accepts the Terms of Settlement for the purpose of making full and final compromise, adjustment and settlement of all Claims referred to above.

3. **Confidentiality**

Employee will not disclose the terms and conditions of the mutual separation letter dated March 26, 2024 and revised April 24, 2024, or the discussions between the parties with respect to the same, except to his/her spouse, to the extent that disclosure is required by law or to the extent necessary to permit the Employee to obtain legal and/or financial advice in connection with the Terms of Settlement and this Release and Indemnity. All persons to whom the Employee makes such permitted disclosure must agree to be bound to the same extent the Employee is bound by this non-disclosure provision.

4. **No Admission of Liability**

Employee understands and agrees that neither the Terms of Settlement nor anything contained herein, nor the payment of the said consideration will be construed as an admission of liability by the Releasees.

5. **Governing Law**

This Release and Indemnity is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

6. **Benefit**

This Release and Indemnity will enure to the benefit of and be binding upon Employee and the Releasees and their respective heirs, executors, administrators, other legal representatives, successors, and assigns.

7. **Entire Agreement**

This Release and Indemnity along with the Terms of Settlement constitute the entire agreement between Employee and Employer with respect to the subject matter hereof. The Terms of Settlement are contractual and not a mere recital.

IN WITNESS WHEREOF Employee has executed this Release and Indemnity at Toronto, on 26-04, 2024.

SIGNED AND DELIVERED)	
in the presence of:)	
)	
<u>/s/ Colin Martin Simpson</u>)	<u>/s/ Debbie Simpson</u>
Witness)	Debbie Simpson - Sign and Print

D K Simpson

**CERTIFICATION PURSUANT TO RULE 13a-14(a) and 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ajay Kochhar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Li-Cycle Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

/s/ Ajay Kochhar

Ajay Kochhar

Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) and 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig Cunningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Li-Cycle Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

/s/ Craig Cunningham

Craig Cunningham

Interim Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ajay Kochhar, the Principal Executive Officer of Li-Cycle Holdings Corp. (the "Company"), certify, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2024

By: /s/ Ajay Kochhar
Name: Ajay Kochhar
Title: Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig Cunningham, the Principal Financial Officer of Li-Cycle Holdings Corp. (the "Company"), certify, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2024

By: /s/ Craig Cunningham
Name: Craig Cunningham
Title: Interim Chief Financial
Officer (principal financial
officer)