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# Condensed consolidated interim financial statements of Li-Cycle Holdings Corp.

Three and nine months ended September 30, 2023 and 2022  
(Unaudited)

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**Li-Cycle Holdings Corp.**
**Condensed consolidated interim statements of loss and comprehensive loss**

Unaudited \$ millions except for per share amounts, for the		Three months ended September 30,		Nine months ended September 30,	
	Notes	2023	2022	2023	2022
<b>Revenue</b>					
Product sales	3	\$ 3.5	\$ 2.3	\$ 9.7	9.6
Recycling services	3	1.2	0.5	2.2	1.2
		4.7	2.8	11.9	10.8
<b>Expenses</b>					
Employee salaries and benefits		16.5	10.4	47.3	32.7
Share-based compensation		3.8	4.0	10.7	15.5
Office, administrative and travel		5.8	5.9	16.9	13.2
Professional fees		6.4	4.5	14.0	12.1
Raw materials and supplies		4.8	10.5	19.2	14.3
Depreciation	8, 9	4.6	3.3	12.3	7.8
Plant facilities		3.2	1.1	7.1	3.0
Marketing		0.6	0.5	2.1	1.9
Freight and shipping		1.0	0.5	2.7	1.7
Research and development		2.2	0.5	3.5	1.4
Change in finished goods inventory		(0.6)	0.7	0.1	0.7
Other		—	—	1.2	—
Impairment	11	96.5	—	96.5	—
Operating expenses		144.8	41.9	233.6	104.3
<b>Loss from operations</b>		<b>(140.1)</b>	<b>(39.1)</b>	<b>(221.7)</b>	<b>(93.5)</b>
<b>Other income (expense)</b>					
Interest income	4	2.6	3.8	11.8	5.3
Interest expense and other costs	4	(3.9)	(5.2)	(12.7)	(13.1)
Gain on financial instruments	4	10.9	19.9	17.5	42.5
		9.6	18.5	16.6	34.7
<b>Loss before taxes</b>		<b>(130.5)</b>	<b>(20.6)</b>	<b>(205.1)</b>	<b>(58.8)</b>
Income tax		—	—	0.1	—
<b>Net loss</b>		<b>\$ (130.5)</b>	<b>\$ (20.6)</b>	<b>\$ (205.2)</b>	<b>(58.8)</b>
Net loss attributable to					
Shareholders of Li-Cycle Holdings Corp.		\$ (130.5)	\$ (20.5)	\$ (205.1)	(58.7)
Non-controlling interest		—	(0.1)	(0.1)	(0.1)
<b>Net loss and comprehensive loss</b>		<b>\$ (130.5)</b>	<b>\$ (20.6)</b>	<b>\$ (205.2)</b>	<b>(58.8)</b>
<b>Loss per common share - basic and diluted</b>	23	<b>\$ (0.73)</b>	<b>\$ (0.12)</b>	<b>\$ (1.16)</b>	<b>(0.34)</b>

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

**Li-Cycle Holdings Corp.**  
**Condensed consolidated interim statements of financial position**

Unaudited \$ millions, as at	Notes	September 30, 2023	December 31, 2022
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 137.4	\$ 517.9
Accounts receivable	5	2.3	4.3
Other receivables	5	3.5	10.0
Prepayment and deposits	6	51.8	95.2
Inventories	7	3.9	8.3
		<b>198.9</b>	<b>635.7</b>
Non-current assets			
Plant and equipment	8	484.3	210.4
Right-of-use assets	9	65.6	50.8
Other assets	10	12.1	4.2
		<b>562.0</b>	<b>265.4</b>
<b>Total assets</b>		<b>\$ 760.9</b>	<b>\$ 901.1</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 99.1	\$ 75.9
Lease liabilities	14	5.7	5.6
		<b>104.8</b>	<b>81.5</b>
Non-current liabilities			
Lease liabilities	14	61.8	48.3
Deferred revenue	15	5.3	—
Convertible debt	16	282.8	272.9
Restoration provisions	17	2.6	0.4
		<b>352.5</b>	<b>321.6</b>
<b>Total liabilities</b>		<b>457.3</b>	<b>403.1</b>
<b>Equity</b>			
Share capital	19	779.3	772.4
Other reserves		22.7	18.7
Accumulated deficit		(498.1)	(293.0)
Accumulated other comprehensive loss		(0.3)	(0.3)
Equity attributable to the Shareholders of Li-Cycle Holdings Corp.		<b>303.6</b>	<b>497.8</b>
Non-controlling interest	20	—	0.2
<b>Total equity</b>		<b>303.6</b>	<b>498.0</b>
<b>Total liabilities and equity</b>		<b>\$ 760.9</b>	<b>\$ 901.1</b>

Commitments and contingencies (Note 22)

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

**Li-Cycle Holdings Corp.**
**Condensed consolidated interim statements of changes in equity**

Unaudited \$ millions, except for number of shares	Notes	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Equity attributable to the Shareholders of Li-Cycle Holdings Corp.	Non-controlling interest	Total
<b>Balance, December 31, 2021</b>		163.2	\$ 672.1	\$ 4.2	\$ (219.0)	\$ (0.3)	\$ 457.0	\$ —	\$ 457.0
Exercise of warrants		5.7	46.0	—	—	—	46.0	—	46.0
Shares issued for cash		5.3	49.7	—	—	—	49.7	—	49.7
Exercise of stock options		1.4	0.4	(0.4)	—	—	—	—	—
Stock option expense		—	—	5.9	—	—	5.9	—	5.9
Settlement of RSUs		0.3	3.5	(3.5)	—	—	—	—	—
RSUs expense		—	—	10.0	—	—	10.0	—	10.0
Non-controlling interest in subsidiary		—	—	—	—	—	—	0.4	0.4
Comprehensive loss		—	—	—	(58.7)	—	(58.7)	(0.1)	(58.8)
<b>Balance, September 30, 2022</b>		175.9	\$ 771.7	\$ 16.2	\$ (277.7)	\$ (0.3)	\$ 509.9	\$ 0.3	\$ 510.2
<b>Balance, December 31, 2022</b>		176.1	\$ 772.4	\$ 18.7	\$ (293.0)	\$ (0.3)	\$ 497.8	\$ 0.2	\$ 498.0
Exercise of stock options	19	<b>1.3</b>	<b>0.6</b>	<b>(0.6)</b>	—	—	—	—	—
Stock option expense	19	—	—	<b>2.8</b>	—	—	<b>2.8</b>	—	<b>2.8</b>
Settlement of RSUs	19	<b>0.8</b>	<b>6.7</b>	<b>(6.7)</b>	—	—	—	—	—
RSUs expense	19	—	—	<b>8.5</b>	—	—	<b>8.5</b>	—	<b>8.5</b>
Unwinding of Non-controlling interest	20	—	<b>(0.4)</b>	—	—	—	<b>(0.4)</b>	<b>(0.2)</b>	<b>(0.6)</b>
Comprehensive loss		—	—	—	<b>(205.1)</b>	—	<b>(205.1)</b>	—	<b>(205.1)</b>
<b>Balance, September 30, 2023</b>		<b>178.2</b>	<b>\$ 779.3</b>	<b>\$ 22.7</b>	<b>\$ (498.1)</b>	<b>\$ (0.3)</b>	<b>\$ 303.6</b>	<b>\$ —</b>	<b>\$ 303.6</b>

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

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

Unaudited \$ millions, for the		Three months ended September 30,		Nine months ended September 30,	
	Notes	2023	2022	2023	2022
<b>Operating activities</b>					
Net loss		\$ (130.5)	\$ (20.6)	\$ (205.2)	\$ (58.8)
Items not affecting cash					
Share-based compensation	19	3.8	4.0	10.7	15.5
Depreciation	8, 9	4.6	3.3	12.3	7.8
Foreign exchange gain on translation		(0.8)	(1.4)	(0.4)	(1.5)
Fair value gain on financial instruments	16	(10.9)	(19.9)	(17.5)	(42.5)
Impairment	11	96.5	—	96.5	—
Interest expense	4	4.2	5.9	11.9	13.6
Interest paid		(1.2)	(0.8)	(3.0)	(1.7)
Interest received		3.4	2.3	13.3	3.8
Interest income	4	(2.6)	(3.8)	(11.8)	(5.3)
		(33.5)	(31.0)	(93.2)	(69.1)
Changes in non-cash working capital items					
Accounts receivable	5	(1.4)	2.9	2.0	2.3
Other receivables		0.6	(0.6)	4.9	(2.9)
Prepayments and deposits	6, 10	(3.2)	7.4	(13.4)	(5.8)
Inventories	7	(1.4)	1.8	4.4	(2.1)
Accounts payable and accrued liabilities	8, 13	14.7	8.3	7.0	25.6
Deferred revenue	15	(0.1)	—	5.3	—
<b>Net cash used in operating activities</b>		<b>(24.3)</b>	<b>(11.2)</b>	<b>(83.0)</b>	<b>(52.0)</b>
<b>Investing activities</b>					
Purchases of plant and equipment	8	(177.3)	(36.7)	(340.9)	(90.3)
Prepaid equipment and construction deposits	6	54.0	(21.5)	51.0	(50.8)
<b>Net cash used in investing activities</b>		<b>(123.3)</b>	<b>(58.2)</b>	<b>(289.9)</b>	<b>(141.1)</b>
<b>Financing activities</b>					
Restricted cash	10	(2.2)	—	(2.2)	—
Proceeds from private share issuance, net of share issuance costs	19	—	—	—	49.7
Proceeds from convertible debt	16	—	—	—	198.7
Capital contribution from the holders of non-controlling interest	19	—	—	—	0.3
Purchase of non-controlling interest	20	—	—	(0.4)	—
Repayment of lease principal	14	(1.6)	(1.3)	(5.0)	(3.7)
<b>Net cash (used in) from financing activities</b>		<b>(3.8)</b>	<b>(1.3)</b>	<b>(7.6)</b>	<b>245.0</b>
Net change in cash and cash equivalents		(151.4)	(70.7)	(380.5)	51.9
Cash and cash equivalents, beginning of the period		288.8	686.3	517.9	563.7
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 137.4</b>	<b>\$ 615.6</b>	<b>\$ 137.4</b>	<b>\$ 615.6</b>

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

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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

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## **1. Corporate information**

### Company overview

Li-Cycle Holdings Corp. (together with its subsidiaries, "Li-Cycle" or the "Company") is a global lithium-ion battery resource recovery company with operations in North America and Europe. The Company leverages its innovative, sustainable and patented Spoke & Hub Technologies™ to provide a safe, scalable, customer-centric solution to recycle all different types of lithium-ion batteries. With major customers and partners around the world, Li-Cycle is on a mission to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. The Company is governed by the Business Corporations Act (Ontario) and its registered address is 207 Queens Quay West, Suite 590, Toronto, Ontario.

Li-Cycle started its business as Li-Cycle Corp., which was incorporated under the Business Corporations Act (Ontario) on November 18, 2016.

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. On closing of the Business Combination, the common shares of Li-Cycle Holdings Corp. were listed on the New York Stock Exchange and commenced trading under the symbol "NYSE:LICY".

## **2. Basis of preparation**

### *2.1 Statement of compliance*

On December 21, 2022, the Company announced a change in its financial year end from October 31<sup>st</sup> to December 31<sup>st</sup>. The change has been made to better align Li-Cycle's financial reporting calendar with peer group companies. The Company's current financial year will cover the period from January 1, 2023 to December 31, 2023.

These unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") under International Accounting Standard (IAS) 34 - Interim Financial Reporting. Except for certain amendments and interpretations to the IFRS that apply for the first time to the Company described in Note 2.6, these interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as set forth in Note 2 of the Company's consolidated financial statements for the year ended October 31, 2022.

These interim financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on November 13, 2023.

### *2.2 Basis of measurement and going concern*

#### *a) Going concern*

The going concern basis 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's ability to support its operations and meet its financial obligations is dependent upon the Company's continued access to short and long-term financing, timing of Hub construction and budgeted costs and future commodity prices.

There are risks and uncertainties affecting the Company's future financial position and performance including, but not limited to ongoing volatility in commodity prices and continued geopolitical uncertainties affecting treasury rates and construction costs. As a result, management concluded that there are material uncertainties related to the Company's ability to obtain short and long-term financing, which casts substantial doubt upon the Company's ability to continue as a going concern. With these uncertainties, the Company could face liquidity constraints particularly related to escalating costs at its Rochester Hub, as well as, employee salaries and benefits and other ongoing operational costs. The Company has implemented mitigating initiatives available to it to strengthen its

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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

financial position and enhance liquidity 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 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 at its remaining operating Spoke locations. 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.
- The Company also continues to work with the United States Department of Energy ("DOE") Loan Programs Office on the previously announced U.S. DOE Loan initiative which would increase the Company's cash balance and fund construction costs at its Rochester Hub.

These factors represent material uncertainties that cast substantial doubt as to the Company's ability to continue as a going concern. These condensed 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.

**b) Measurement basis**

These interim financial statements have been prepared on a going concern basis, using historical cost basis, except for financial assets and liabilities that have been measured at amortized cost or fair value through profit and loss.

**2.3 Basis of consolidation**

These interim financial statements include the financial information of the Company and its subsidiaries. The Company's subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The subsidiaries are included in the interim financial statements of the Company from the effective date of incorporation up to the effective date of disposition or loss of control. In assessing control, potential voting rights that are presently exercisable or convertible is taken into account. The accounting policies of subsidiaries are aligned with policies adopted by the Company.

The Company's principal subsidiaries and their geographic location as at September 30, 2023 are set forth in the table below:



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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

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Company	Location	Ownership interest
Li-Cycle Corp.	Ontario, Canada	100%
Li-Cycle Americas Corp.	Ontario, Canada	100%
Li-Cycle U.S. Inc.	Delaware, U.S.	100%
Li-Cycle Inc.	Delaware, U.S.	100%
Li-Cycle North America Hub, Inc.	Delaware, U.S.	100%
Li-Cycle Europe AG	Switzerland	100%
Li-Cycle APAC PTE. LTD.	Singapore	100%
Li-Cycle France SARL	France	100%
Li-Cycle Germany GmbH	Germany	100%
Li-Cycle Norway AS	Norway	100%

Intercompany transactions, balances and unrealized gains/losses on transactions between the Company and its subsidiaries have been eliminated.

**2.4 Presentation currency**

These interim financial statements are presented in U.S. dollars, which is the Company's functional currency. All figures are presented in millions of U.S. dollars unless otherwise specified.

**2.5 Foreign currencies**

The reporting and functional currency of the Company is the U.S. dollar. Transactions in currencies other than the U.S. dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

**2.6 Recently adopted IFRS Standards**

Due to the change in year-end, IFRS Standards effective from January 2022 and January 2023 may impact the interim financial statements.

The Company has adopted the following accounting amendments that were effective commencing January 1, 2022 or January 1, 2023. The adoption of these standards have not had a material impact on the financial statements:

- Amendments to IFRS 3, **Business Combinations** - Reference to the Conceptual Framework. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 37, **Provisions, Contingent Liabilities and Contingent Assets**. The amendment specifies costs an entity should include in determining the "cost of fulfilling" a potential onerous contract. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 8, **Accounting Policies, Changes in Accounting Estimates and Errors** replace the definition of a change in accounting estimates with a definition of accounting estimates. The amendment is effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 1, **Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments** changes the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments to IAS 1 and IFRS practice statements 2 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively.
- Amendments to IFRS 17, **Insurance Contracts**, a replacement of IFRS 4, **Insurance Contracts**, that aims to provide consistency in the application of accounting for insurance contracts. The amendment is effective for annual period beginning on or after January 1, 2023.

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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

- Amendments to IAS 16, **Property, Plant and Equipment - Proceeds before Intended Use**. The amendment prohibits reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations. The amendment is effective for periods beginning on or after January 1, 2022.
- Amendments to IAS 12, **Income taxes - Deferred Tax related to Assets and Liabilities arising from Single Transaction**, narrowing the scope for exemption when recognizing deferred taxes. The amendment is effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 12, **International Tax Reform - Pillar Two Model Rules**. The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendment is effective for annual periods beginning on or after January 1, 2023.

Annual Improvements to IFRS Standards:

- Amendments to IFRS 1, **First-time Adoption of International Financial Reporting Standards**. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IFRS 9, **Financial Instruments**. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IFRS 16, **Leases**. The amendment clarifies the treatment of lease incentives. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 41, **Agriculture**. The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The amendment is effective for annual periods beginning on or after January 1, 2022.

**2.7 New and revised IFRS Standards issued but not yet effective**

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New/Revised Standard	Description
Amendments to IAS 1	Classifying liabilities as current or non-current
Amendments to IFRS 16	Lease liability in a sale & leaseback
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements
Amendments to IAS 21	Lack of Exchangeability

The adoption of the IFRS Standards listed above are not expected to have a material impact on the financial statements of the Company in future periods.

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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

### 3. Revenue – product sales and recycling services

For the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 3.5	\$ 4.4	\$ 15.7	\$ 12.0
Fair value pricing adjustments	—	(2.1)	(6.0)	(2.4)
Product sales	3.5	2.3	9.7	9.6
Recycling services	1.2	0.5	2.2	1.2
<b>Revenue</b>	<b>\$ 4.7</b>	<b>\$ 2.8</b>	<b>\$ 11.9</b>	<b>\$ 10.8</b>

For the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 3.5	\$ 4.4	\$ 15.7	\$ 12.0
Recycling services	1.2	0.5	2.2	1.2
<b>Total revenue before FV pricing adjustment</b>	<b>\$ 4.7</b>	<b>\$ 4.9</b>	<b>\$ 17.9</b>	<b>\$ 13.2</b>

Product revenue from black mass and black mass equivalents ("Black Mass & Equivalents" or "BM&E") and shredded metal, and the related trade accounts receivable, are measured at initial recognition using provisional prices for the constituent metals at the time of initial recognition. Any unsettled sales at the end of each reporting period are remeasured using the market prices of the constituent metals at the period end. 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.

Refer to Note 21 for the impact of movements in the cobalt and nickel prices.

### 4. Other income (expense)

The following table summarizes the Company's other income (expense):

For the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest income on short-term investments	\$ 2.6	\$ 3.8	\$ 11.8	\$ 5.3
<b>Interest income</b>	<b>2.6</b>	<b>3.8</b>	<b>11.8</b>	<b>5.3</b>
Interest expense and accretion on convertible debt (net of capitalized interest)	(2.8)	(5.1)	(8.5)	(11.8)
Interest expense on leases	(1.2)	(0.8)	(3.0)	(1.7)
Other finance costs	(0.2)	—	(0.4)	(0.1)
Foreign exchange gains (losses)	0.3	0.7	(0.8)	0.5
<b>Interest expense and other costs</b>	<b>(3.9)</b>	<b>(5.2)</b>	<b>(12.7)</b>	<b>(13.1)</b>
Fair value gain on embedded derivatives (Note 16)	10.9	19.9	17.5	31.4
Fair value gain on warrants (Note 18)	—	—	—	11.1
<b>Gains on financial instruments</b>	<b>10.9</b>	<b>19.9</b>	<b>17.5</b>	<b>42.5</b>
<b>Total</b>	<b>\$ 9.6</b>	<b>\$ 18.5</b>	<b>\$ 16.6</b>	<b>\$ 34.7</b>

### 5. Accounts receivable

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As at		September 30, 2023	December 31, 2022
Trade receivables	\$	2.3	\$ 4.3
<b>Total accounts receivable</b>		<b>2.3</b>	<b>4.3</b>
Non-trade receivables	\$	—	\$ 3.5
Sales taxes receivable		2.7	4.1
Other		0.8	2.4
<b>Total other receivables</b>	\$	<b>3.5</b>	<b>\$ 10.0</b>

For product revenue, 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. For the three and nine months ended September 30, 2023, the fair value loss arising from changes in estimates was \$nil and \$6.0 million, respectively (three and nine months ended September 30, 2022: fair value losses of \$2.1 million and \$2.4 million, respectively), which is included in the respective trade receivable balances. Refer to Note 3 for additional details on product revenue and fair value adjustments recognized in the period.

The Company assesses the need for allowances related to credit loss for receivables based on its past experience, the credit ratings of its existing customers and economic trends. For the three and nine months ended September 30, 2023, the Company recorded a credit loss allowance of \$nil and \$0.9 million, respectively, included in the Other line on the statement of loss and comprehensive loss (three and nine months ended September 30, 2022: \$nil and \$nil). The credit loss allowance in the nine months ended September 30, 2023 relates to a dispute with a new customer, with whom the Company has terminated its business relationship. The Company has assessed its receivables and concluded that this does not cast doubt on the collectability of trade receivables due from other customers.

Other receivables relate to interest receivable.

## 6. Prepayment and deposits

As at		September 30, 2023	December 31, 2022
Prepaid lease deposits	\$	0.7	\$ 0.5
Prepaid transaction costs		5.7	0.6
Prepaid construction charges		3.1	1.4
Prepaid equipment deposits		33.4	86.1
Prepaid insurance		5.3	4.2
Other prepaids		3.6	2.4
<b>Prepays and deposits</b>	\$	<b>51.8</b>	<b>\$ 95.2</b>

Other prepaids consist principally of other deposits and prepaid subscriptions.

## 7. Inventories

As at		September 30, 2023	December 31, 2022
Raw materials	\$	0.3	\$ 5.8
Finished goods		2.5	1.8
Parts and tools		1.1	0.7
<b>Total inventories</b>	\$	<b>3.9</b>	<b>\$ 8.3</b>

The cost of inventories recognized as an expense during the three and nine months ended September 30, 2023 was \$6.8 million and \$27.7 million, respectively (three and nine months ended September 30, 2022: \$15.3 million and \$24.4 million, respectively).

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The inventory balances for raw materials and finished goods are adjusted to the lower of cost or net realizable value. For the three and nine months ended September 30, 2023, a reversal of prior period write down for raw materials inventory included in the Raw materials and supplies line was \$1.3 million and \$3.1 million, respectively (three and nine months ended September 30, 2022: write down of \$7.1 million and write down of \$6.9 million, respectively). For the three and nine months ended September 30, 2023, the write down included in the Change in finished goods inventory line was \$1.3 million and \$2.8 million, respectively (three and nine months ended September 30, 2022: \$0.6 million and \$0.7 million). Refer to Note 21 for additional details on commodity prices.

**8. Plant and equipment**

For the nine months ended September 30,

							<b>2023</b>
	Assets under construction	Plant equipment and other	Computer equipment	Vehicles	Leasehold improvements	Total	
<b>Cost</b>							
Balance, beginning of the period	\$ 167.1	\$ 38.2	\$ 2.1	\$ 0.3	\$ 9.9		217.6
Additions	372.8	—	0.8	—	2.9		376.5
Transfers	(18.2)	18.2	—	—	—		—
Impairment	(87.7)	(7.2)	—	—	(1.6)		<b>(96.5)</b>
<b>Balance, end of the period</b>	<b>434.0</b>	<b>49.2</b>	<b>2.9</b>	<b>0.3</b>	<b>11.2</b>		<b>497.6</b>
<b>Accumulated depreciation</b>							
Balance, beginning of the period	—	(5.3)	(0.3)	(0.1)	(1.5)		(7.2)
Depreciation	—	(4.5)	(0.7)	—	(0.9)		(6.1)
<b>Balance, end of the period</b>	<b>—</b>	<b>(9.8)</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>(2.4)</b>		<b>(13.3)</b>
<b>Net book value</b>	<b>\$ 434.0</b>	<b>\$ 39.4</b>	<b>\$ 1.9</b>	<b>\$ 0.2</b>	<b>\$ 8.8</b>		<b>484.3</b>

For the three and nine months ended September 30, 2023, \$2.3 million and \$6.6 million, respectively in employee salaries (three and nine months ended September 30, 2022: \$2.7 million and \$2.7 million) and \$0.2 million and \$0.6 million, respectively in share-based compensation costs (three and nine months ended September 30, 2022: \$0.4 million and \$0.4 million) were capitalized to assets under construction.

For the three and nine months ended September 30, 2023, borrowing costs of \$6.8 million and \$19.0 million, respectively were capitalized to assets under construction (three and nine months ended September 30, 2022: \$3.3 million and \$3.3 million). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in the period was a weighted average effective interest rate of 12.4%.

As of September 30, 2023, \$64.6 million of the accounts payable balance is made up of non-cash additions to plant and equipment (December 31, 2022: \$48.6 million).

Refer to Note 22 for details of contractual commitments to purchase fixed assets.

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## 9. Right-of-use assets

For the nine months ended September 30,				2023
		Premises	Equipment	Total
<b>Cost</b>				
Balance, beginning of the year	\$	58.5	\$ 0.7	\$ 59.2
Additions		20.7	0.3	21.0
Termination/derecognition		(0.7)	—	(0.7)
<b>Balance, end of the year</b>		<b>78.5</b>	<b>1.0</b>	<b>79.5</b>
<b>Accumulated depreciation</b>				
Balance, beginning of the year		(8.3)	(0.1)	(8.4)
Termination/derecognition		0.7	—	0.7
Depreciation		(6.0)	(0.2)	(6.2)
<b>Balance, end of the year</b>		<b>(13.6)</b>	<b>(0.3)</b>	<b>(13.9)</b>
<b>Carrying amounts</b>	<b>\$</b>	<b>64.9</b>	<b>\$ 0.7</b>	<b>\$ 65.6</b>

The weighted average lease term of the Company's premises and equipment leases is 3.31 years.

## 10. Other assets

As at	September 30, 2023	December 31, 2022
Prepaid lease deposits	\$ 5.0	\$ 2.4
Prepaid insurance	1.7	1.8
Restoration deposit	3.2	—
Restricted cash	2.2	—
<b>Total other assets</b>	<b>\$ 12.1</b>	<b>\$ 4.2</b>

## 11. Impairment

The Company assesses at the end of each reporting period whether there are any indicators, from external and internal sources of information, that an asset or cash-generating unit ("CGU") may be impaired requiring an adjustment to the carrying value. The Company considers its integrated Spoke & Hub network to be one CGU. The recoverable amount of the CGU is based on the future cash flows expected to be derived from the Company's Spoke and Hub network and represents the CGU's fair value less costs of disposal ("FVLCD").

The Company has decided to pause construction work on the Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The pause was due to recent escalating costs. In addition, the Company experienced continued delays in planned project financing and challenges in closing its building leasing arrangements in connection with the project, due to complexities in bringing both arrangements together. Accordingly, the Company expects the aggregate cost for the current scope of the project to substantially exceed its previously disclosed guidance.

In light of the expected changes in the construction cost for the Rochester Hub, an impairment assessment was performed on the carrying value of the Company's assets in accordance with IFRS as at September 30, 2023 and the Company recognized an impairment charge in the amount of \$96.5 million to reduce the assets to their recoverable amount of \$449.0 million. The Company used a FVLCD model (Level 3 measurement). The impairment charge was recognized on the following plant and equipment asset classes: assets under construction, plant equipment and other, and leasehold improvements.

Key assumptions used in the calculation of recoverable amount include a discount rate of 19% as determined by the weighted average cost of capital, and management's estimate of future capital costs and operational results.

The Company has performed a sensitivity analysis to identify the impact of changes in the discount rate which is a key assumption that impacts the recoverable amount calculations. The Company assumed a 1% increase in the discount rate while holding all other assumptions

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constant, which would reduce the recoverable amount by approximately \$113.0 million (a 1% decrease in the discount rate would increase the recoverable amount by approximately \$131.0 million). The Company has also performed a sensitivity analysis to identify the impact of changes in the future capital costs which is a key assumption that impacts the recoverable amount calculations. The Company assumed a \$50.0 million increase in future capital costs while holding all other assumptions constant, which would reduce the recoverable amount by approximately \$41.0 million (a \$50.0 million decrease in future capital costs would increase the recoverable amount by approximately \$41.0 million).

## 12. Related party transactions

The remuneration of the executive officers and directors, who are the key management personnel of the Company, is set out below:

For the	Three months ended September 30,		Nine months ended September 30,	
	<b>2023</b>	2022	<b>2023</b>	2022
Salaries	\$ <b>1.0</b>	\$ 1.0	\$ <b>2.8</b>	2.8
Share-based compensation	<b>2.2</b>	3.2	<b>6.8</b>	11.9
Fees and benefits	<b>1.2</b>	1.0	<b>3.4</b>	2.9
Post employment benefits	—	—	<b>0.1</b>	0.1
<b>Total remuneration of key management personnel</b>	<b>\$ 4.4</b>	\$ 5.2	<b>\$ 13.1</b>	17.7

Total amounts paid to directors in respect of director services in the three and nine months ended September 30, 2023 were \$0.1 million and \$0.3 million, respectively (three and nine months ended September 30, 2022: \$0.1 million and \$0.3 million, respectively).

Outstanding balances of remuneration of the executive officers and directors are summarized as follows:

As at	<b>September 30, 2023</b>	December 31, 2022
Accounts payable and accrued liabilities	\$ 2.5	\$ 2.8
<b>Outstanding balances</b>	<b>2.5</b>	2.8

Related party expenses are recorded at exchange amounts. For the three and nine months ended September 30, 2023, total transactions with related parties are nil and \$0.1 million, respectively (three and nine months ended September 30, 2022: \$0.1 million and \$0.3 million, respectively).

## 13. Accounts payable and accrued liabilities

As at	<b>September 30, 2023</b>	December 31, 2022
Trade payables	\$ <b>19.3</b>	\$ 26.5
Accrued fixed assets	<b>55.2</b>	35.4
Accrued expenses	<b>13.2</b>	4.4
Accrued compensation	<b>11.4</b>	9.6
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 99.1</b>	\$ 75.9

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**14. Lease liabilities**

For the nine months ended September 30,				2023
		Premises	Equipment	Total
Balance, beginning of the period	\$	53.3 \$	0.6 \$	53.9
Additions		18.5	0.3	18.8
Lease repayments		(4.9)	(0.1)	(5.0)
Foreign exchange losses		(0.2)	—	(0.2)
<b>Balance, end of the period</b>	<b>\$</b>	<b>66.7 \$</b>	<b>0.8 \$</b>	<b>67.5</b>
Non-current portion of lease liabilities	\$	(61.2) \$	(0.6) \$	(61.8)
<b>Current Lease Liabilities</b>	<b>\$</b>	<b>5.5 \$</b>	<b>0.2 \$</b>	<b>5.7</b>

In the three and nine months ended September 30, 2023, the Company recognized interest expense of \$1.2 million and \$3.0 million, respectively, related to lease liabilities (three and nine months ended September 30, 2022: \$0.8 million and \$1.7 million, respectively).

The Company's lease obligations include leases for plant operations, storage facilities, and office space for employees.

Maturity analysis (undiscounted)							
As at September 30, 2023	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total
Premises	\$ 8.5 \$	8.6 \$	8.4 \$	8.0 \$	7.2 \$	47.3 \$	88.0
Equipment	0.2	0.2	0.2	0.2	0.1	—	0.9
<b>Total</b>	<b>\$ 8.7 \$</b>	<b>8.8 \$</b>	<b>8.6 \$</b>	<b>8.2 \$</b>	<b>7.3 \$</b>	<b>47.3 \$</b>	<b>88.9</b>

Maturity analysis (undiscounted)							
As at December 31, 2022	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total
Premises	\$ 8.7 \$	7.7 \$	7.3 \$	7.1 \$	6.4 \$	40.7 \$	77.9
Equipment	0.2	0.1	0.1	0.1	0.1	—	0.6
<b>Total</b>	<b>\$ 8.9 \$</b>	<b>7.8 \$</b>	<b>7.4 \$</b>	<b>7.2 \$</b>	<b>6.5 \$</b>	<b>40.7 \$</b>	<b>78.5</b>

**15. Deferred revenue**

On March 28, 2023 the Company signed a definitive agreement for a global lithium-ion battery recycling partnership with a leading global provider of industrial trucks and supply chain solutions. As part of the agreement, the Company received 5 million Euros in reservation fee for future battery recycling services. The deferred revenue will be recognized in revenue as the services are provided.

As at	September 30, 2023	December 31, 2022
Balance, beginning of the period	\$ —	\$ —
Additions	5.4	—
Foreign exchange loss	(0.1)	—
<b>Balance, end of the period</b>	<b>\$ 5.3</b>	<b>—</b>

**16. Convertible Debt**

As at	September 30, 2023	December 31, 2022
KSP Convertible Notes (a)	\$ 97.5	\$ 91.5
Glencore Convertible Notes (b)	185.3	181.4
<b>Total convertible debt at end of the period</b>	<b>\$ 282.8</b>	<b>272.9</b>



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**(a) KSP Convertible Notes**

As at	September 30, 2023	December 31, 2022
Principal of convertible notes at beginning of the period	\$ 110.2	\$ 101.8
Issuance of convertible notes	4.4	8.4
Principal of convertible notes at end of the period	114.6	110.2
Conversion feature at beginning of the period	6.0	19.9
Fair value gain on embedded derivative	(4.1)	(13.9)
Conversion feature at end of the period	1.9	6.0
Debt component at beginning of the period	85.5	74.2
Debt component issued	4.4	8.4
Accrued interest paid in kind	(4.4)	(8.4)
Accrued interest expense and accretion	10.1	11.3
Debt component at end of the period	95.6	85.5
<b>Total convertible debt at end of the period</b>	<b>\$ 97.5</b>	<b>\$ 91.5</b>

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. Interest payments made in cash are 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%. Starting July 1, 2023, as the LIBOR interest rate is no longer published, the interest rate is instead based on the sum of the Secured Overnight Financing Rate ("SOFR") and 0.58% (being average spread between the SOFR and LIBOR during the three-month period ending on the date on July 31, 2023, namely, which LIBOR ceased to be published). 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 September 30, 2023, comprised the following:

Note	Date Issued	Amount Issued
KSP Convertible 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
<b>Total</b>		<b>\$ 114.6</b>

The conversion feature under the KSP Convertible Notes has been recorded as an 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. The KSP Convertible Note had an initial conversion price of approximately \$13.43 per Li-Cycle common share, subject to customary anti-dilution adjustments, for which price was established based on 125% of the 7-day volume-weighted average price of Li-Cycle's common shares prior to the date of the KSP Convertible Note Purchase Agreement. Should the Company's share price be equal to or greater than \$17.46, for a period of twenty consecutive days, the Company can force conversion of the KSP Convertible Notes. Li-Cycle will settle its conversion obligations through the delivery of its own common shares. As at September 30, 2023, no conversions had taken place.

The fair value of the embedded derivatives upon issuance of the KSP Convertible Note was determined to be a liability of \$27.7 million whereas the remaining \$72.3 million, net of

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transaction costs of \$1.6 million, was allocated to the principal portion of the debt. During the three and nine months ended September 30, 2023, the Company recognized a fair value gain of \$3.4 million and \$4.1 million on the embedded derivatives, respectively. 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, 2022	September 30, 2023
Risk free interest rate	1.1%	4.2%	4.9%
Expected life of options	5.0 years	3.8 years	3.0 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	66%	63%	53%
Share Price	\$12.56	\$4.76	\$3.55

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.

**(b) Glencore Convertible Notes**

As at	September 30, 2023	December 31, 2022
Principal of convertible notes at beginning of the period	\$ 208.1	\$ —
Issuance of convertible notes	8.4	208.1
Principal of convertible notes at end of the period	216.5	208.1
Conversion feature at beginning of the period	16.5	—
Conversion feature issued	—	46.2
Fair value gain on embedded derivative	(13.4)	(29.7)
Conversion feature at end of the period	3.1	16.5
Debt component at beginning of the period	164.9	—
Debt component issued	8.4	162.0
Transaction costs	—	(1.3)
Accrued interest paid in kind	(8.4)	(8.1)
Accrued interest expense and accretion	17.3	12.3
Debt component at end of the period	182.2	164.9
<b>Total convertible debt at end of the period</b>	<b>\$ 185.3</b>	<b>\$ 181.4</b>

On May 31, 2022, the Company issued an unsecured convertible note (the "Glencore Convertible Note") for a principal amount of \$200 million to Glencore Ltd. ("Glencore"), a subsidiary of Glencore plc (LON: GLEN). The Glencore Convertible Note will mature on May 31, 2027 unless repurchased, redeemed or converted earlier. Interest on the Glencore Convertible Note is payable semi-annually, with Li-Cycle permitted to pay interest on the Glencore 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 Secured Overnight Financing Rate ("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 Glencore Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date.

In connection with any optional redemption and provided that Glencore has not elected to convert the Glencore Convertible Note into common shares, the Company must issue warrants (the "Glencore Warrants") to Glencore on the optional redemption date that entitle the holder to acquire, until the maturity date of the 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. The initial exercise price of the Glencore Warrants will be equal to the conversion price as of the optional redemption date. As at September 30, 2023, no conversions had taken place.

The conversion feature under the Glencore Convertible Note has been recorded as an embedded derivative liability as the conversion ratio does not always result in a conversion of a fixed dollar

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amount of liability for a fixed number of shares. The Glencore Convertible Note has a conversion price of approximately \$9.95 per Li-Cycle common share, subject to customary anti-dilution adjustments. The Company has elected to pay interest by PIK since the first interest payment on November 30, 2022. The Glencore Convertible Note and the PIK notes issued thereunder are referred to collectively as the "Glencore Convertible Notes", and as at September 30, 2023, comprised the following:

Note	Date Issued		Amount Issued
Glencore Convertible Note	May 31, 2022	\$	200.0
PIK Note	November 30, 2022		8.1
PIK Note	May 31, 2023		8.4
<b>Total</b>		<b>\$</b>	<b>216.5</b>

The fair value of the embedded derivative liability upon issuance of the Glencore Convertible Note 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 and nine months ended September 30, 2023, the Company recognized a fair value gain of \$7.5 million and \$13.4 million on the embedded derivatives. The embedded derivatives were valued using the Black-Scholes Option Pricing Model. The assumptions used in the model were as follows:

	(Issuance date) May 31, 2022	December 31, 2022	September 30, 2023
Risk free interest rate	2.9%	4.2%	4.8%
Expected life of options	5.0 years	4.4 years	3.7 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	68%	63%	53%
Share Price	\$8.15	\$4.76	\$3.55

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.

## 17. Restoration Provision

The Company has a legal obligation to complete the site restoration and decommissioning of its leased plant properties in Germany, New York and Ontario. The provision for decommissioning and site restoration is determined using the estimated costs provided by the State of Saxony-Anhalt, Germany, New York Department of Environmental Conservation and Ontario Ministry of the Environment, Conservation and Parks.

The following table represents the continuity of the restoration provision associated with the Company's leased plant properties:

As at		September 30, 2023	December 31, 2022
Balance, beginning of the period	\$	0.4	\$ 0.3
Additions		2.3	0.1
Foreign exchange loss		(0.1)	—
<b>Balance, end of the period</b>	<b>\$</b>	<b>2.6</b>	<b>\$ 0.4</b>

The present value of the restoration provision of \$2.6 million (2022: \$0.4 million) was calculated using an average risk-free rate of 1.62%.

## 18. Warrants

In connection with the completion of the Business Combination on August 10, 2021, the Company assumed obligation for Peridot Acquisition Corp.'s warrants to purchase up to

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23,000,000 common shares at their fair market value of \$2.10 per share for a total acquired liability of \$48.3 million.

The total number of warrants was made up of 15,000,000 Public Placement Warrants ("Public Warrants") and 8,000,000 Private Placement Warrants ("Private Warrants"). All of the warrants had a 5-year term, expiring on September 24, 2025. The Public Warrants had an exercise price of \$11.50 per share, with a redemption price of \$0.10 per warrant if the Company's share price exceeded \$10.00, on a cashless basis. If the Company's share price exceeded \$18.00 for any 20 trading days within the P30D trading day period ending three trading days before the Company elected to deliver a notice of redemption, the redemption price was \$0.01 on a cash basis. The Private Warrants had an exercise price of \$11.50 per share, redeemable only at such time that the share price of the Company was between \$10.00 and \$18.00, at \$0.10 per warrant. The Private Warrants were not transferable until 30 days after the close of the Business Combination, which was September 9, 2021.

On December 27, 2021, the Company announced that it would redeem all of its warrants to purchase common shares of the Company that remained outstanding at 5:00 p.m. New York City time on January 26, 2022 (the "Redemption Date") for a redemption price of \$0.10 per warrant. Based on the redemption fair market value that was announced on January 11, 2022, warrant holders who surrendered their warrants on a "Make-Whole Exercise" prior to the Redemption Date received 0.253 common shares of the Company per warrant. As of January 31, 2022, (i) 9,678 warrants were exercised at the exercise price of \$11.50 per common share, and (ii) 22,540,651 warrants were surrendered by holders in the Make-Whole Exercise. The remaining 449,665 unexercised warrants were redeemed at \$0.10 per warrant.

For the nine months ended September 30,		2022
	Number of warrants	
Balance, beginning of the period	22,997,712	\$ 57.1
Cash exercises	(7,396)	—
Cashless exercises	(22,540,651)	(46.0)
Redemptions	(449,665)	—
Fair value gain on warrants	—	(11.1)
<b>Balance, end of the period</b>	<b>—</b>	<b>\$ —</b>

Warrants were re-measured through profit or loss at each period end, using first level inputs. As of September 30, 2022, there were no warrants outstanding.

## 19. Share capital and share-based compensation

### Authorized share capital

Li-Cycle Holdings Corp. is authorized to issue an unlimited number of voting common shares without par value. All issued shares are fully paid.

The changes in the Company's outstanding common shares were as follows:

For the	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of shares (in millions)	Capital Stock	Number of shares (in millions)	Capital Stock
Balance, beginning of the period	176.1	\$ 772.4	163.2	\$ 672.1
Exercise of RSUs	0.8	6.7	0.3	4.1
Exercise of stock options	1.3	0.6	1.6	0.5
Exercise of warrants (Note 18)	—	—	5.7	46.0
Issuance of shares to LG Energy Solution, Ltd. and LG Chem, Ltd.	—	—	5.3	49.7
Unwinding of Non-controlling interest	—	(0.4)	—	—
<b>Balance, end of the period</b>	<b>178.2</b>	<b>\$ 779.3</b>	<b>176.1</b>	<b>\$ 772.4</b>

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

Unaudited, all dollar amounts presented are expressed in millions of US dollars except share and per share amounts

On May 12, 2022, the Company announced the successful completion of the \$50 million aggregate investment in common shares of the Company by LG Energy Solution, Ltd. ("LGES") and LG Chem, Ltd. ("LGC"). The Company issued 5,300,352 shares at an average price of \$9.43 per common shares to LGES and LGC (being 2,650,176 common shares each). The investment was split into two tranches: (i) an initial tranche of 4,416,960 common shares, in the aggregate, at a price of \$10.00 per share (for an aggregate initial tranche subscription price of approximately \$44.2 million), and (ii) a second tranche of 883,392 common shares, in the aggregate, at a price of \$6.60 per share (for an aggregate second tranche subscription price of approximately \$5.8 million). The total cash inflow, net of transaction costs, was \$49.7 million.

**Long-term incentive plans**

**Stock options**

Stock options have been issued under the Company's 2021 Long Term-Incentive Plan ("LTIP Plan") and certain legacy plans ("Legacy Plans"). Each of the Company's stock options converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. The vesting period is one-third on the first-year anniversary of the grant of the option, and one-third every consecutive year thereafter. If an option remains unexercised after a period of 10 years from the date of grant, the option expires. Options are forfeited if the recipient terminates their employment or contract with the Company before the options vest.

A summary of stock option activities is as follows:

For the nine months ended September 30,		2023		2022
\$ millions, except number of options	Number of stock options	Weighted average exercise price of stock options	Number of stock options	Weighted average exercise price of stock options
Balance, beginning of the period	<b>4,368,732</b>	<b>\$ 4.58</b>	5,328,279	\$ 2.88
Granted	<b>1,088,500</b>	<b>5.76</b>	732,104	7.58
Exercised	<b>(1,541,514)</b>	<b>0.73</b>	(1,467,647)	0.45
Forfeited	<b>(127,438)</b>	<b>10.33</b>	(2,619)	10.93
<b>Balance, end of the period</b>	<b>3,788,280</b>	<b>6.29</b>	4,590,117	4.40
<b>Exercisable stock options</b>	<b>1,994,145</b>	<b>5.71</b>	3,332,753	2.65

During the nine months ended September 30, 2023, 1,541,514 stock options were exercised on a cashless basis (2022: 1,467,647), resulting in the issuance of 1,300,918 common shares (2022: 7,087,013) of the Company, net of stock option issuance costs.

A summary of the outstanding stock options is as follows:

As of September 30,			2023
Plan	Range of exercise prices	Number of stock options	Weighted-average remaining contractual life (years)
Legacy Plans	\$ 0.37 - 2.15	1,012,161	5.91
LTIP Plans	4.94 - 13.20	2,776,119	8.58
		<b>3,788,280</b>	

The Company recognized total expenses of \$1.0 million and \$2.8 million related to stock options during the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022: \$1.3 million and \$5.9 million, respectively).

The fair value of the stock options granted during the three and nine months ended September 30, 2023 was determined to be \$nil and \$3.6 million, respectively (three and nine months ended September 30, 2022: \$0.2 million and \$3.5 million, respectively), using the Black-Scholes Merton option pricing model. The assumptions used in the stock option pricing model for the grants during the nine months ended September 30, 2023 were as follows:

**Li-Cycle Holdings Corp.**  
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Risk free interest rate	3.45% - 3.59%
Expected life of options	6 years
Expected dividend yield	0%
Expected stock price volatility	57.81% - 58.65%
Expected forfeiture rate	0.146% - 4.127%

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

**Restricted share units**

Under the terms of the Company's LTIP Plan, restricted share units ("RSUs") have been issued to executives, directors, employees and advisors. The RSU vesting periods ranged from several months to 3 years. The RSUs represent the right to receive common shares from the Company. RSUs issued under the LTIP Plan are expected to be settled in common shares. RSUs issued under the LTIP Plan are classified as equity on the consolidated statements of financial position.

The Company recognized share-based compensation expense relating to RSUs totaling \$3.0 million and \$8.5 million in the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022: \$3.1 million and \$10.0 million, respectively).

A summary of RSU activities is as follows:

For the nine months ended September 30,	<b>2023</b>		<b>2022</b>	
\$ millions, except number of RSUs	Number of RSUs	Weighted average share price on grant date	Number of RSUs	Weighted average share price on grant date
Balance, beginning of the period	<b>2,000,680</b>	<b>8.69</b>	938,752	11.47
Granted	<b>2,322,225</b>	<b>5.63</b>	1,480,618	7.66
Exercised	<b>(784,426)</b>	<b>8.46</b>	(317,619)	11.22
Forfeited	<b>(257,654)</b>	<b>7.63</b>	(53,823)	10.04
<b>Balance, end of the period</b>	<b>3,280,825</b>	<b>6.66</b>	2,047,928	8.79

RSUs granted in the three and nine months ended September 30, 2023 vest over 1 to 3 years.

For the three and nine months ended September 30, 2023, RSU and stock option costs capitalized to assets under construction were \$0.2 million and \$0.6 million, respectively (three and nine months ended September 30, 2022: \$0.4 million and \$0.4 million, respectively).

**20. Non-controlling interest**

On January 26, 2022, the Company entered into an agreement with ECO STOR AS ("ECO STOR") and Morrow Batteries AS ("Morrow") to form Li-Cycle Norway AS for the purpose of developing a new Spoke facility in southern Norway. Li-Cycle became the majority owner of Li-Cycle Norway AS with a 67% ownership interest, while Nordic-headquartered strategic partners ECO STOR and Morrow held a 31% and 2% ownership interest, respectively.

On June 29, 2023 the Company purchased all shares of Li-Cycle Norway AS held by ECO STOR and Morrow, eliminating all non-controlling interests in the entity. The Company paid \$0.4 million for these shares, bringing its ownership interest in Li-Cycle Norway AS from 67% to 100%. This transaction created a loss of \$0.6 million which is reflected in equity and had no impact on the Statement of loss and comprehensive loss.

The carrying amount of Li-Cycle Norway AS net assets in the Company's consolidated financial statements on the date of acquisition was \$0.6 million.

in millions of US dollars		
Carrying amount of NCI acquired (\$0.6 million x 33%)	\$	0.2
Consideration paid to NCI		0.4
<b>A decrease in equity attributable to owners of the Company</b>	<b>\$</b>	<b>0.6</b>

**Li-Cycle Holdings Corp.**  
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## 21. Financial instruments and financial risk factors

### *Fair values*

The Company's financial instruments consist of cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities, and convertible debt. The carrying amounts of other receivables, accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these instruments.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the current or prior period.

The Company's financial assets and financial liabilities measured at fair value on a recurring basis are measured under level 2 of the hierarchy and were calculated as follows:

As at	September 30, 2023	December 31, 2022
Conversion feature of convertible debt (refer to Note 16)	\$ 5.0	\$ 22.5
Accounts receivable	\$ 2.3	\$ 4.3

Refer to Note 5 above for additional details related to measurement of accounts receivable.

### *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 September 30, 2023, the impact of a 5% change in these respective currencies versus the U.S. dollar, would result in an immaterial impact.

### *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. Refer to Note 16.

### *Credit risk*

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 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.

### *Liquidity risk*

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.

The Company's undiscounted significant contractual obligations and interest and principal repayments in respect of its financial liabilities and provisions are presented in the following table:

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Undiscounted, at September 30,						2023
		Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$	99.1	\$ 99.1	\$ —	\$ —	—
Lease liabilities		88.9	8.7	17.4	15.5	47.3
Restoration		3.2	—	0.2	—	3.0
Convertible debt principal		331.1	—	114.60	216.5	—
Convertible debt interest		115.0	—	33.80	81.2	—
<b>Total</b>	<b>\$</b>	<b>637.3</b>	<b>\$ 107.8</b>	<b>\$ 166.0</b>	<b>\$ 313.2</b>	<b>50.3</b>

**Market risk**

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 in its products, notably cobalt and nickel.

The following table sets out the Company's exposure, as at September 30, 2023 and December 31, 2022, in relation to the impact of movements in the cobalt and nickel price for the provisionally invoiced sales volume of Black Mass & Equivalents by metric tonne:

As at	Cobalt		Nickel	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
BM&E Metric tonnes subject to fair value pricing adjustments	<b>4,274</b>	4,428	<b>4,274</b>	4,428
10% increase in prices	\$ <b>0.4</b>	\$ 0.8	\$ <b>0.8</b>	1.4
10% decrease in prices	\$ <b>(0.4)</b>	\$ (0.8)	\$ <b>(0.8)</b>	(1.4)

The following table sets out the period end commodity prices for cobalt and nickel as at September 30, 2023 and December 31, 2022:

Market price per tonne			
As at	September 30, 2023		December 31, 2022
Cobalt	\$	<b>31,967</b>	\$ 41,337
Nickel		<b>18,505</b>	30,400

**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 September 30, 2023.

**22. Commitments and contingencies**

As of September 30, 2023, there were \$9.6 million in committed purchase orders or agreements for equipment and services (December 31, 2022: \$9.5 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



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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.

***U.S. Shareholder Class Action***

On April 19, 2022, a putative securities class action lawsuit was filed in the U.S. District Court for the Eastern District of New York against the Company, its CEO, and its former CFO, on behalf of a proposed class of purchasers of the Company's publicly traded securities during the period from February 16, 2021 through March 23, 2022. The complaint, which is captioned as *Barnish v. Li-Cycle Holdings Corp., et al.*, 1:22-cv-02222 (E.D.N.Y.), alleges that the defendants issued false and misleading statements concerning Li-Cycle's business, which were revealed when Blue Orca Capital published a short seller report on March 24, 2022. The complaint sought compensatory damages and an award of costs. The original complaint asserted claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). On July 22, 2022, the court appointed The Lanigan Group, Inc. as lead plaintiff. On October 11, 2022, the lead plaintiff filed an amended complaint asserting claims pursuant to Section 14(a) of the Exchange Act and Sections 11 and 15 of the U.S. Securities Act of 1933 on behalf of a proposed class comprising: (a) all persons who were eligible to vote at Peridot Acquisition Corp.'s extraordinary general meeting held during August 2021, and (b) all persons who acquired Li-Cycle publicly traded securities pursuant to Li-Cycle's March 2021 Registration Statement. Unlike the original complaint, the amended complaint did not assert any claims under either Section 10(b) or Section 20(a) of the Exchange Act. The claims in the amended complaint were asserted against both the Company and certain individual defendants, including Li-Cycle's two Co-Founders, Li-Cycle's former CFO, two current directors of Li-Cycle (who were also directors and/or officers of Peridot Acquisition Corp. at the time of the Business Combination), and certain other directors or officers of Peridot Acquisition Corp. at the time of the Business Combination. On December 19, 2022, the Company and each of the individual defendants moved to dismiss the amended complaint in its entirety. On October 6, 2023, the court granted defendants' motion to dismiss in its entirety, but granted lead plaintiff an opportunity to seek leave to replead. On October 23, 2023, lead plaintiff filed a notice of voluntary dismissal, and the court issued an order dismissing the case.

***Putative U.S. Shareholder Class Action***

On November 8, 2023, a putative 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 publicly traded securities during the period from June 14, 2022, through October 23, 2023. See *Davis v. Li-Cycle Holdings Corp., et al.*, 1:23-cv-09894 (S.D.N.Y.). The complaint alleges that the Company issued false and misleading statements concerning the development of its Rochester Hub, which were allegedly revealed when the Company issued its press release on October 23, 2023, disclosing that the Company expects the aggregate cost for the Rochester Hub to exceed its previously disclosed guidance and is pausing construction work on the project pending further review. The complaint asserts claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and seeks compensatory damages and an award of costs. The Company intends to defend the action vigorously.

**23. Loss per share**

For the three and nine months ended September 30,	2023	2022	2023	2022
\$ millions, except number of shares and per share amounts				
Total net loss	\$ (130.5)	\$ (20.6)	\$ (205.2)	\$ (58.8)
Weighted average number of common shares	178.0	175.5	177.2	171.8
Basic and diluted loss per common share	\$ (0.73)	\$ (0.12)	\$ (1.16)	\$ (0.34)

**24. Segment reporting**

The condensed consolidated financial information presented in the accompanying 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

**Li-Cycle Holdings Corp.**  
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statements of loss and comprehensive loss, financial position, and cash flows. The Company's CODM is its Chief Executive Officer.

During the three and nine months ended September 30, 2023, the Company operated in Canada, the United States, and Germany. The Company also has invested in future operations in Europe. 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	Norway	France	Other	Total
Revenues							
<b>Three months ended September 30, 2023 \$</b>	<b>0.1 \$</b>	<b>4.3 \$</b>	<b>— \$</b>	<b>— \$</b>	<b>— \$</b>	<b>0.3 \$</b>	<b>4.7</b>
Three months ended September 30, 2022	0.4	2.4	—	—	—	—	2.8
<b>Nine months ended September 30, 2023 \$</b>	<b>1.0 \$</b>	<b>10.6 \$</b>	<b>— \$</b>	<b>— \$</b>	<b>— \$</b>	<b>0.3 \$</b>	<b>11.9</b>
Nine months ended September 30, 2022	3.2	7.6	—	—	—	—	10.8
Non-current assets							
<b>As at September 30, 2023</b>	<b>\$ 55.6 \$</b>	<b>453.3 \$</b>	<b>30.7 \$</b>	<b>11.9 \$</b>	<b>9.0 \$</b>	<b>1.5 \$</b>	<b>562.0</b>
As of December 31, 2022	38.1	213.0	11.6	0.9	0.1	1.7	265.4

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

The Company does not currently have active operations in any other geographical regions.

## 25. Subsequent events

On November 1, 2023, the Company announced that its Board of Directors has adopted a limited duration shareholder rights plan (the "Rights Plan"). Pursuant to the Rights Plan, Li-Cycle will issue one right for each common share of the Company outstanding as of the close of business on November 10, 2023. While the Rights Plan is effective immediately, the rights generally will become exercisable only if an applicable person or group acquires beneficial ownership of 20% or more of Li-Cycle's outstanding common shares in a transaction not approved by the Board of Directors. In that situation, each holder of a right (other than the acquiring person or group) will have the right to purchase, for the purchase price of \$12.50, a number of common shares of the Company having a then-current market value of twice the purchase price. In addition, at any time after an applicable person or group acquires 20% or more of the Company's common shares, the Board of Directors may, at its option, deem all or part of the rights exercised at a ratio of one common share for each outstanding right (other than rights owned by such person or group, which will have become void) for a nil purchase price per right. The Rights Plan will expire on October 30, 2024.

Subsequent to the Company's October 23, 2023 announcement that it will be pausing the Rochester Hub project, certain contractor liens have been filed in New York State in relation to the project for an aggregate amount of approximately \$29.0 million.

## Li-Cycle Engages Moelis to Evaluate Financing and Strategic Alternatives

**TORONTO, Ontario (November 13, 2023)** – [Li-Cycle Holdings Corp.](#) (NYSE: LICY) (“Li-Cycle” or the “Company”), a leading global lithium-ion battery resource recovery company, today announced that Moelis & Company LLC (“Moelis”), a leading global independent investment bank, has been engaged as financial advisor to assist in evaluating financing and strategic alternatives for the Company.

There can be no assurance that this evaluation process will result in the Company pursuing or consummating any particular transaction or other strategic outcome. The Company does not intend to comment further on the evaluation process and will make further announcements in accordance with its ongoing disclosure obligations and pursuant to applicable laws and regulations.

### About Li-Cycle Holdings Corp.

Li-Cycle (NYSE: LICY) is a leading global lithium-ion battery resource recovery company and North America’s largest pure-play lithium-ion battery recycler, with a rapidly growing presence across Europe. Established in 2016, and with major customers and partners around the world, Li-Cycle is on a mission to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. The Company leverages its innovative, sustainable, and patent-protected Spoke & Hub Technologies™ to provide a safe, scalable, customer-centric solution to recycle all different types of lithium-ion batteries. At our Spokes, or pre-processing facilities, we recycle battery manufacturing scrap and end-of-life batteries to produce black mass, a powder-like substance which contains a number of valuable metals, including lithium, nickel, and cobalt. At our Hubs, or post-processing facilities, we will process black mass to produce critical battery-grade materials, including lithium carbonate, nickel sulphate, and cobalt sulphate. For more information, visit <https://li-cycle.com/>.

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### Forward-Looking Statements

*Certain statements contained in this press release 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 press*

release include but are not limited to statements about: the expectation that Moelis will assist the Company in evaluating financing and strategic alternatives. There can be no assurance that such estimates or 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.

These forward-looking statements are provided for the purpose of assisting readers in understanding certain key elements of Li-Cycle's current objectives, goals, targets, strategic priorities, expectations and plans, and in obtaining a better understanding of Li-Cycle's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes and is not intended to serve as, and must not be relied on, by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability.

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 are not guarantees of future performance. Li-Cycle believes that these risks and uncertainties include, but are not limited to, the following: additional funds required to meet Li-Cycle's capital and operating requirements in the future not being available to Li-Cycle on acceptable terms or at all when it needs them; Li-Cycle may engage in strategic transactions, including financing and mergers and acquisitions activity, that could disrupt its business, cause dilution to its shareholders, reduce its financial resources, result in incurrence of secured and unsecured debt, or prove not to be successful; 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, 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 failure to materially increase recycling capacity and efficiency; one or more of Li-Cycle's current or future facilities becoming inoperative, capacity constrained or if its operations are disrupted; 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 securing 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 revenues for the Rochester Hub are derived significantly from a single customer; 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 is, and may become, subject to legal proceedings that could require Li-Cycle to incur significant legal expenses and divert management's attention away from operating Li-Cycle's business; 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's failure to effectively remediate the

*material weaknesses in its internal control over financial reporting that it has identified or if it fails to develop and maintain a proper and effective internal control over financial reporting. These and other risks and uncertainties related to Li-Cycle's business are described in greater detail in the section entitled "Risk Factors" and "Key Factors Affecting Li-Cycle's Performance" in its Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission and the Ontario Securities Commission in Canada. 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 statement.*

*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 press release.*

## Li-Cycle Reports Third Quarter 2023 Financial Results and Provides Business Update

### Highlights

- *Progressing comprehensive review of the Rochester Hub project;*
- *Continuing to work closely with the U.S. Department of Energy (DOE) to satisfy conditions precedent for financial close of the loan commitment for gross proceeds of up to \$375 million;*
- *Prioritizing Generation 3 full pack processing Spokes in the United States and Germany; and*
- *Working with Moelis & Company LLC ("Moelis") to evaluate financing and strategic alternatives.*

**TORONTO, Ontario** (November 13, 2023) – [Li-Cycle Holdings Corp.](#) (NYSE: LICY) ("Li-Cycle" or the "Company"), a leading global lithium-ion battery (LIB) resource recovery company, today announced financial results and business update for its third quarter ended September 30, 2023.

"In conjunction with the pause in the Rochester Hub project announced in late October, we have initiated a comprehensive review. We have performed an initial analysis of options for completion of the Rochester Hub, and we are taking steps to conserve cash. Additionally, we remain actively engaged and continue to work closely with the DOE to satisfy conditions precedent for financial close for the \$375 million loan commitment as we complete a comprehensive review of the go-forward strategy for the Rochester Hub," said Ajay Kochhar, Li-Cycle's President and Chief Executive Officer. "Global EV production volumes and battery material demand continues to be underpinned by strong fundamentals. With favorable supply and demand dynamics driving the need for domestic sources of battery material, we continue to see significant benefits for Li-Cycle's Spoke & Hub network, and in particular, the market need for the Rochester Hub."

### Update on Rochester Hub Project

On October 23, 2023, the Company announced that it was pausing construction work on the Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The Company has recently experienced escalating costs and, accordingly, the anticipated aggregate cost of the existing scope of the project is expected to significantly exceed the previously disclosed budget of \$560 million. As part of the

comprehensive review, the Company is also examining expected capital cost, timing of completion and go-forward construction strategy options for the Rochester Hub project.

As previously announced, the Company entered into a conditional commitment in February 2023 with the DOE for a loan for gross proceeds of up to \$375 million through the DOE's Advanced Technology Vehicles Manufacturing ("ATVM") program. The Company is actively engaged and continues to work closely with the DOE to satisfy conditions precedent for financial close for the loan for gross proceeds of up to \$375 million as it undertakes its comprehensive review of the go-forward strategy of the Rochester Hub. In addition to the conditions precedent to financial close, the Company will need to meet additional conditions precedent prior to the first advance including obtaining additional financing to fund the required base equity commitment. Net proceeds from the loan will reflect customary deductions such as capitalized interest and other items.

The pause on the Rochester Hub project gives the Company the opportunity to better phase the project with the current timing and evolution of the battery recycling and EV markets and to optimize construction and contracting strategy. The phased approach may include the ability to produce intermediate battery metal products such as mixed hydroxide precipitate and improve project economics. The Company has performed an initial analysis of options for completion of the Rochester Hub and is continuing to develop a more detailed analysis. Based on the initial analysis and depending on the option selected, the Company has determined that the revised project costs could be in the range of approximately \$850 million to approximately \$1.0 billion. This range includes the cost of the process buildings and warehouse for the Rochester Hub of approximately \$140 million. This total project range is based solely upon the initial analysis, is subject to a number of assumptions and is likely to change as the Company continues to complete its comprehensive review work and determine which options to pursue accordingly.

#### **Financial Results for the Three Months Ended September 30, 2023**

Revenues from product sales and recycling services before non-cash fair market value (FMV) adjustments were \$4.7 million, which decreased from \$4.9 million in the same period of 2022. The decrease in product revenue was primarily attributable to lower sales volumes due to inventory building for the Rochester Hub and reduction in market prices of cobalt and nickel. This was partially offset by a higher value product sales mix and higher recycling fees on feed intake. Total revenues including FMV adjustments were \$4.7 million, compared with \$2.8 million last year, and included a non-cash FMV impact of nil versus an unfavorable FMV impact of \$2.1 million last year.

Operating expenses increased to \$144.8 million versus \$41.9 million in the same period of 2022, driven primarily by the non-cash Rochester Hub impairment charge, higher personnel costs, plant facility expenses, and R&D expenses. This was partially offset by a reduction in raw

materials and supplies expenses driven by lower provision for inventory as a result of lower battery inventories on hand.

In light of escalating costs for the Rochester Hub, an impairment assessment of the carrying value of the Company's assets was performed in accordance with IFRS reporting guidelines, as at September 30, 2023. The Company recognized a non-cash impairment charge in the amount of \$96.5 million.

Net loss was \$130.5 million, compared to \$20.6 million in the same period of 2022, and included a fair value gain on financial instruments of \$10.9 million and \$19.9 million, respectively.

Adjusted EBITDA<sup>1</sup> loss was \$38.9 million, compared to a loss of \$35.1 million in the same period of 2022, attributed to higher expenses relating to expansion of the global network, which more than offset increased revenue. Additionally, non-cash share-based compensation decreased to \$3.8 million from \$4.0 million in the same period of 2022.

### **Webcast and Conference Call Information**

Company management will host a webcast and conference call on Monday, November 13, 2023, at 4:15 p.m. Eastern Time. The related presentation materials for the webcast and conference call will be made available on the Investor Relations section of the Li-Cycle website: <https://investors.li-cycle.com/overview/default.aspx>. Investors may listen to the conference call live via audio-only webcast or through the following dial-in numbers:

Domestic: (800) 579-2543  
International: (203) 518-9814  
Participant Code: LICYQ323  
Webcast: <https://investors.li-cycle.com>

A replay of the conference call/webcast will also be made available on the Investor Relations section of the Company's website at <https://investors.li-cycle.com>.

### **About Li-Cycle Holdings Corp.**

Li-Cycle (NYSE: LICY) is a leading global lithium-ion battery resource recovery company and North America's largest pure-play lithium-ion battery recycler, with a rapidly growing presence across Europe. Established in 2016, and with major customers and partners around the world, Li-Cycle is on a mission to recover critical battery-grade materials to create a domestic closed-

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<sup>1</sup> Adjusted EBITDA is not a recognized measure under IFRS. See Non-IFRS Financial Measures section of this press release, including for a reconciliation of adjusted EBITDA to net profit (loss).



loop battery supply chain for a clean energy future. The Company leverages its innovative, sustainable, and patent-protected Spoke & Hub Technologies™ to provide a safe, scalable, customer-centric solution to recycle all different types of lithium-ion batteries. At our Spokes, or pre-processing facilities, we recycle battery manufacturing scrap and end-of-life batteries to produce black mass, a powder-like substance which contains a number of valuable metals, including lithium, nickel, and cobalt. At our Hubs, or post-processing facilities, we will process black mass to produce critical battery-grade materials, including lithium carbonate, nickel sulphate, and cobalt sulphate. For more information, visit <https://li-cycle.com/>

## **Contacts**

### **Investor Relations**

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## Non-IFRS Financial Measures

### Adjusted EBITDA (loss)

The table below reconciles adjusted EBITDA (loss) to net loss:

Unaudited - \$ millions	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net loss	\$ (130.5)	\$ (20.6)	\$ (205.2)	\$ (58.8)
Income tax	—	—	0.1	—
Depreciation	4.6	3.3	12.3	7.8
Interest expense	4.0	5.9	11.5	13.5
Interest income	(2.6)	(3.8)	(11.8)	(5.3)
EBITDA	(124.5)	(15.2)	(193.1)	(42.8)
Impairment	96.5	—	96.5	—
Non-recurring costs	—	—	0.3	—
Fair value gain on financial instruments <sup>1</sup>	(10.9)	(19.9)	(17.5)	(42.5)
Adjusted EBITDA (loss)	\$ (38.9)	\$ (35.1)	\$ (113.8)	\$ (85.3)

<sup>1</sup> Fair value (gain) loss on financial instruments relates to convertible debt, and to warrants, which were redeemed and no longer outstanding as of September 30, 2022.

Li-Cycle reports its financial results in accordance with the International Financial Reporting Standards (“IFRS”). The Company makes references to certain non-IFRS measures, including adjusted EBITDA. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of the Company’s results of operations from management’s perspective. Accordingly, it should not be considered in isolation nor as a substitute for the analysis of the Company’s financial information reported under IFRS. 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 (gains) losses on financial instruments and certain non-recurring expenses. Foreign exchange (gain) loss is excluded from the calculation of Adjusted EBITDA.

### Cautionary Notes - Forward-Looking Statements and Unaudited Results

*Certain statements contained in this press release 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 press release include but are not limited to statements about: the Company taking steps to conserve cash; the Company undertaking a comprehensive review of the go-forward strategy for the Rochester Hub project, including an examination of the expected capital cost, timing of completion and go-forward strategy options for the project; the favourable supply and demand dynamics driving the need for domestic sources of battery materials; the continued significant benefits for Li-Cycle's Spoke & Hub network, including the market need for the Rochester Hub; the continued work with the DOE to satisfy conditions precedent for financial close of the \$375 million loan commitment; the additional conditions precedent of the DOE Loan in relation to first advance including obtaining additional financing to fund the required based equity commitment; the possibility that the phased approach to the Rochester Hub project would include the ability to produce intermediate battery metal products and improve project economics; the expectation that the anticipated aggregate cost of the existing scope of the Rochester Hub project will significantly exceed the previously disclosed budget of \$560 million; the revised project costs for the options currently under review possibly being in the range of approximately \$850 million to approximately \$1.0 billion, now including the addition of approximately \$140 million for the Rochester Hub process buildings and warehouse that were previously expected to be funded under a separate leasing agreement; and the expectation that this total project range will change as the comprehensive review is completed. These statements are based on various assumptions, whether or not identified in this communication, including but not limited to assumptions regarding the timing, scope and cost of Li-Cycle's projects; the processing capacity and production of Li-Cycle's facilities; 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; Li-Cycle's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners; general economic conditions; currency exchange and interest rates; compensation costs; and inflation. There can be no assurance that such estimates or 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.*

*These forward-looking statements are provided for the purpose of assisting readers in understanding certain key elements of Li-Cycle's current objectives, goals, targets, strategic priorities, expectations and plans, and in obtaining a better understanding of Li-Cycle's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes and is not intended to serve as, and must not be relied on, by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability.*

*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. Li-Cycle believes that these risks and uncertainties include, but are not limited to, the following: 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, 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 failure to materially increase recycling capacity and efficiency; Li-Cycle may engage 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; 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; uncertainty related to the success of the cash preservation plan and related workforce reductions; 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 revenues for the Rochester Hub are derived significantly from a single customer; 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; unfavourable 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'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 our directors and officers who hold Company common shares to have interests that may differ from the interests of other shareholders; risks related to adoption of 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 section entitled "Item

*3. Key Information - Risk Factors” included in the Annual Report, and under “Key Factors Affecting Li-Cycle’s Performance” and elsewhere in the Management’s Discussion & Analysis of Financial Condition and Results of Operations of the Company for the three and nine months ended September 30, 2023 and 2022. 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 press release.*

**Li-Cycle Holdings Corp.**  
**Condensed consolidated interim statements of financial position**

Unaudited \$ millions, as at	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 137.4	\$ 517.9
Accounts receivable	2.3	4.3
Other receivables	3.5	10.0
Prepayment and deposits	51.8	95.2
Inventories	3.9	8.3
	<b>198.9</b>	635.7
Non-current assets		
Plant and equipment	484.3	210.4
Right-of-use assets	65.6	50.8
Other assets	12.1	4.2
	<b>562.0</b>	265.4
<b>Total assets</b>	<b>\$ 760.9</b>	\$ 901.1
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 99.1	\$ 75.9
Lease liabilities	5.7	5.6
	<b>104.8</b>	81.5
Non-current liabilities		
Lease liabilities	61.8	48.3
Deferred revenue	5.3	—
Convertible debt	282.8	272.9
Restoration provisions	2.6	0.4
	<b>352.5</b>	321.6
<b>Total liabilities</b>	<b>457.3</b>	403.1
<b>Equity</b>		
Share capital	779.3	772.4
Other reserves	22.7	18.7
Accumulated deficit	(498.1)	(293.0)
Accumulated other comprehensive loss	(0.3)	(0.3)
Equity attributable to the Shareholders of Li-Cycle Holdings Corp.	303.6	497.8
Non-controlling interest	—	0.2
<b>Total equity</b>	<b>303.6</b>	498.0
<b>Total liabilities and equity</b>	<b>\$ 760.9</b>	\$ 901.1

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

**Li-Cycle Holdings Corp.**
**Condensed consolidated interim statements of loss and comprehensive loss**

Unaudited \$ millions except for per share amounts, for the		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
<b>Revenue</b>					
Product sales	\$	3.5	\$ 2.3	\$ 9.7	9.6
Recycling services		1.2	0.5	2.2	1.2
		4.7	2.8	11.9	10.8
<b>Expenses</b>					
Employee salaries and benefits		16.5	10.4	47.3	32.7
Share-based compensation		3.8	4.0	10.7	15.5
Office, administrative and travel		5.8	5.9	16.9	13.2
Professional fees		6.4	4.5	14.0	12.1
Raw materials and supplies		4.8	10.5	19.2	14.3
Depreciation		4.6	3.3	12.3	7.8
Plant facilities		3.2	1.1	7.1	3.0
Marketing		0.6	0.5	2.1	1.9
Freight and shipping		1.0	0.5	2.7	1.7
Research and development		2.2	0.5	3.5	1.4
Change in finished goods inventory		(0.6)	0.7	0.1	0.7
Other		—	—	1.2	—
Impairment		96.5	—	96.5	—
Operating expenses		144.8	41.9	233.6	104.3
<b>Loss from operations</b>		<b>(140.1)</b>	<b>(39.1)</b>	<b>(221.7)</b>	<b>(93.5)</b>
<b>Other income (expense)</b>					
Interest income		2.6	3.8	11.8	5.3
Interest expense and other costs		(3.9)	(5.2)	(12.7)	(13.1)
Gain on financial instruments		10.9	19.9	17.5	42.5
		9.6	18.5	16.6	34.7
<b>Net loss before taxes</b>		<b>(130.5)</b>	<b>(20.6)</b>	<b>(205.1)</b>	<b>(58.8)</b>
Income tax		—	—	0.1	—
<b>Net loss</b>	\$	<b>(130.5)</b>	\$ (20.6)	<b>(205.2)</b>	(58.8)
Net loss attributable to					
Shareholders of Li-Cycle Holdings Corp.	\$	<b>(130.5)</b>	\$ (20.5)	<b>(205.1)</b>	(58.7)
Non-controlling interest		—	(0.1)	(0.1)	(0.1)
<b>Net loss and comprehensive loss</b>	\$	<b>(130.5)</b>	\$ (20.6)	<b>(205.2)</b>	(58.8)
<b>Loss per common share - basic and diluted</b>	\$	<b>(0.73)</b>	\$ (0.12)	<b>(1.16)</b>	(0.34)

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

Unaudited \$ millions, for the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Operating activities</b>				
Net loss	\$ (130.5)	\$ (20.6)	\$ (205.2)	\$ (58.8)
Items not affecting cash				
Share-based compensation	3.8	4.0	10.7	15.5
Depreciation	4.6	3.3	12.3	7.8
Foreign exchange (gain) loss on translation	(0.8)	(1.4)	(0.4)	(1.5)
Fair value (gain) loss on financial instruments	(10.9)	(19.9)	(17.5)	(42.5)
Impairment	96.5	—	96.5	—
Interest expense	4.2	5.9	11.9	13.6
Interest paid	(1.2)	(0.8)	(3.0)	(1.7)
Interest received	3.4	2.3	13.3	3.8
Interest income	(2.6)	(3.8)	(11.8)	(5.3)
	(33.5)	(31.0)	(93.2)	(69.1)
Changes in non-cash working capital items				
Accounts receivable	(1.4)	2.9	2.0	2.3
Other receivables	0.6	(0.6)	4.9	(2.9)
Prepayments and deposits	(3.2)	7.4	(13.4)	(5.8)
Inventory	(1.4)	1.8	4.4	(2.1)
Accounts payable and accrued liabilities	14.7	8.3	7.0	25.6
Deferred Revenue	(0.1)	—	5.3	—
<b>Net cash used in operating activities</b>	<b>(24.3)</b>	<b>(11.2)</b>	<b>(83.0)</b>	<b>(52.0)</b>
<b>Investing activities</b>				
Purchases of plant and equipment	(177.3)	(36.7)	(340.9)	(90.3)
Prepaid equipment deposits	54.0	(21.5)	51.0	(50.8)
<b>Net cash used in investing activities</b>	<b>(123.3)</b>	<b>(58.2)</b>	<b>(289.9)</b>	<b>(141.1)</b>
<b>Financing activities</b>				
Restricted cash	(2.2)	—	(2.2)	—
Proceeds from private share issuance, net of share issuance costs	—	—	—	49.7
Proceeds from convertible debt	—	—	—	198.7
Capital contribution from the holders of non-controlling interest	—	—	—	0.3
Purchase of non-controlling interest	—	—	(0.4)	—
Repayment of lease principal	(1.6)	(1.3)	(5.0)	(3.7)
<b>Net cash (used in) from financing activities</b>	<b>(3.8)</b>	<b>(1.3)</b>	<b>(7.6)</b>	<b>245.0</b>
Net change in cash and cash equivalents	(151.4)	(70.7)	(380.5)	51.9
Cash and cash equivalents, beginning of the period	288.8	686.3	517.9	563.7
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 137.4</b>	<b>\$ 615.6</b>	<b>\$ 137.4</b>	<b>\$ 615.6</b>



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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**Form 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of November 2023.**

**Commission File Number 001-40733**

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**LI-CYCLE HOLDINGS CORP.**

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**Li-Cycle Holdings Corp.  
207 Queens Quay West, Suite 590  
Toronto, ON M5J 1A7  
(877) 542-9253**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒      Form 40-F ☐

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## INCORPORATION BY REFERENCE

Exhibits 99.3 and 99.4 to this report on Form 6-K shall be deemed to be incorporated by reference into the registration statements on Form S-8 (File No. 333-261568), Form F-3 (File No. 333-267419) and Form F-3 (File No. 333-274084) of Li-Cycle Holdings Corp. (including the prospectus forming a part of each such registration statement) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

## EXHIBIT INDEX

The following exhibits are furnished as part of this Current Report on Form 6-K.

Exhibit Number	Exhibit Description
99.1	<a href="#"><u>Press Release, dated November 13, 2023 – Li-Cycle Engages Moelis to Evaluate Financing and Strategic Alternatives.</u></a>
99.2	<a href="#"><u>Press Release, dated November 13, 2023 - Li-Cycle Reports Third Quarter 2023 Operational Results.</u></a>
99.3	<a href="#"><u>Condensed Consolidated Interim Financial Statements as of and for the Three and Nine Months ended September 30, 2023 and 2022.</u></a>
99.4	<a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations for the Period Ended September 30, 2023 and 2022.</u></a>

## **SIGNATURES**

Pursuant to the requirements 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: Chief Executive Officer

Date: November 13, 2023

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# Management's Discussion & Analysis of Financial Condition and Results of Operation of Li-Cycle Holdings Corp.

Three and nine months ended September 30, 2023 and 2022  
(Unaudited)

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## LI-CYCLE HOLDINGS CORP. 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 dated November 13, 2023 and provides information which the management of Li-Cycle believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of Li-Cycle for the three and nine months ended September 30, 2023 and 2022. In addition to historical financial information, this MD&A contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. For more information about forward-looking statements, refer to the section entitled “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 entitled “Key Factors Affecting Li-Cycle’s Performance” and under “Item 3. Key Information—D. Risk Factors” included in the Annual Report.

Li-Cycle has changed its financial year-end from October 31<sup>st</sup> to December 31<sup>st</sup> to better align with peer group companies. As a result, the Company prepared (restated) unaudited condensed consolidated financial statements and management’s discussion and analysis for the two-month period ended December 31, 2022 (the “**Transition Period Financial Statements**”), which were included in the Company’s amended transition report on Form 20-F for the two-month period ended December 31, 2022, as well as audited consolidated financial statements and management’s discussion and analysis for the year ended October 31, 2022, which were included in the Company’s annual report on Form 20-F for the year ended October 31, 2022 (the “**Annual Report**”).

Li-Cycle’s annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Standards Board (“**IASB**”). Li-Cycle’s condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. This MD&A should be read in conjunction with Li-Cycle’s (restated) Transition Period Financial Statements and Li-Cycle’s annual consolidated financial statements as at and for the fiscal year ended October 31, 2022 and the related MD&A. 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 the section entitled “Components of Results of Operations—Basis of Presentation.” The Company has determined that it no longer qualifies as a “foreign private issuer” under applicable U.S. securities laws and, beginning January 1, 2024, it will become subject to the rules and regulations of the SEC applicable to U.S. domestic issuers. Beginning January 1, 2024, the Company will also be required to report its financial statements in accordance with U.S. generally accepted accounting principles.

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 lithium-ion battery (“**LIB**”) resource recovery company. Established in 2016, and with major customers and partners around the world, Li-Cycle is on a mission 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 Hubs, or post-processing facilities, to process black mass to produce battery grade materials, including lithium carbonate, nickel sulphate, and cobalt sulphate. 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 and black mass equivalents (“Black Mass & Equivalents” or “**BM&E**”).

As at September 30, 2023, Li-Cycle had five operational Spokes in North America and Europe, which were located in Kingston, Ontario (the “**Ontario Spoke**”), 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 developing its first commercial-scale Hub in Rochester, New York (the “**Rochester Hub**”).

On October 23, 2023, Li-Cycle announced that it was pausing construction work on its Rochester Hub, pending completion of a comprehensive review of the go-forward strategy for the project. The pause in construction was due to recent escalating costs and the expectation that aggregate costs to complete the project would significantly exceed the previously disclosed budget of \$560 million. The escalating costs were specifically related to installation and labour costs for ramping up the installation of mechanical equipment, piping, structural steel, electrical and instrumentation for measurement and process control devices. Labour rates were impacted by high demand for resources due to other construction projects in the region resulting in the need to source labour from outside of the region. In addition, the Company experienced continued delays in planned project financing and challenges in closing its anticipated building leasing arrangements due to complexities in bringing it together with the planned loan from the United States Department of Energy (“**DOE**”) Loan Programs Office for gross proceeds of up to \$375 million (the “**DOE Loan**”). This resulted in the Company funding the construction costs of the process buildings and warehouse for the Rochester Hub leading to lower than planned cash balances. The Company has subsequently decided not to pursue the building leasing arrangements. Refer to the section entitled “Update on Business Outlook and Strategy” 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 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 then 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 at its remaining operating Spoke locations. 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 section entitled “Liquidity and Capital Resources” 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). Refer to the section entitled “Liquidity and Capital Resources” 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 and the factors described below, among other things.

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.

As a result of the developments described below, 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.

Demand for LIB recycling has continued to exceed its internal projections and, in order to meet this growing demand, the Company decided to increase and accelerate its investment in the build-out of its recycling capacity in certain respects. For example, since the date of effectiveness of the Proxy/Registration Statement and the date of the Canadian Prospectus, respectively, the Company has, among other things, opened the Arizona Spoke, the Alabama Spoke and the Germany Spoke, and announced the development of other Spoke projects, increasing its processing capacity beyond that of the Company's previous plans and projections. Li-Cycle also announced the increase of expected processing capacity and development costs at its Rochester Hub. These initiatives have been or may be materially impacted by decisions made in connection with the Cash Preservation Plan, as described below.

#### **Update on Business Outlook and Strategy**

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 Company has recently experienced escalating costs and, accordingly, the aggregate cost to complete the existing scope of the project is expected to significantly exceed its previously disclosed budget of \$560 million. As part of the comprehensive review, the Company is also examining expected capital cost, timing of completion and go-forward construction strategy options for the Rochester Hub project. Engineering and procurement for the project are largely complete and the Company has spent \$301.3 million on the project to September 30, 2023. Commissioning of the Rochester Hub project was previously expected to commence in late 2023.

At September 30, 2023, the Company had contributed \$92.2 million for the construction of process buildings and warehouse for the Rochester Hub. The Company was previously anticipating a refund of a substantial portion of this contribution upon completion of a landlord funding agreement and was expecting to enter into leasing arrangements for the buildings. The contribution of \$92.2 million was incremental to the Hub Project budget of \$560 million. The Company experienced challenges in closing these anticipated arrangements due to complexities in bringing them together with the planned DOE Loan. The Company has subsequently decided not to pursue the building leasing arrangements and no longer anticipates the contributed amounts to be refunded.

The Company is undertaking a comprehensive review and root cause analysis of escalating costs associated with the Rochester Hub project. Initial findings indicate that based on recent sub-contractor agreements for packages of remaining work, aggregate costs to complete the project would be substantially higher than was anticipated in the previously disclosed \$560 million budget. The escalating costs were specifically related to installation and labour costs for ramping up the installation of mechanical equipment, piping, structural steel, electrical and instrumentation for measurement and process control devices. Labour rates were impacted by high demand for resources due to other construction projects in the region resulting in the need to source labour from outside of the region. This, combined with the decision not to proceed with the leasing arrangement for the process buildings and warehouse for the project, were key factors which led management to conclude that the expected aggregate cost to complete the project would be substantially higher than the previously disclosed budget. With this pause, the Company has the opportunity to better phase the project with the current timing and evolution of the battery recycling and EV markets and to optimize construction and contracting strategy. The phased approach may include the ability to produce intermediate battery metal products such as mixed hydroxide precipitate ("MHP") and improve project economics. The Company has performed initial analysis of options for completion of the Rochester Hub and is continuing to develop more detailed analysis. Based on the initial analysis, the Company has determined that the revised project costs could be in the range of approximately \$850.0 million to approximately \$1.0 billion depending on the option selected. This range includes the cost of the process buildings and warehouse for the Rochester Hub of approximately \$140 million. This total project range is based solely upon that initial analysis, is subject to a number of assumptions and is likely to change as the Company continues to complete its comprehensive review work and determine which options to pursue accordingly. The Company will require additional funding to the DOE Loan before restarting the Rochester Hub project.



Until the go-forward strategy work is complete, the Company will be slowing operations at its North American Spokes as it reviews the timing and BM&E needs of the Rochester Hub. The Company will also be re-evaluating its strategy for bringing on additional Spoke and Hub capacity in the near-term, specifically:

- Germany Spoke: While Line 1 capacity of 10,000 tonnes per year was operationalized in August 2023, the timing of additional capacity will be reviewed as part of the Company's go-forward strategy. The Company had previously announced that Line 2 capacity of 10,000 tonnes per year and ancillary capacity of 10,000 tonnes per year were expected to be built by the end of 2023.
- France Spoke: 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. The timing of this Spoke will be reviewed as part of the go-forward strategy.
- Norway Spoke: 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 and the timing of the Norway Spoke are being re-evaluated as part of the go-forward strategy.
- Ontario Spoke: 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 will be reviewed as part of the go-forward strategy. In addition, production at the existing Ontario Spoke has been paused.
- Other Spoke Development Projects: The Company had previously disclosed that it was undertaking a site selection process for a potential new Spoke in Hungary. These plans have been suspended and will be reviewed as part of the go-forward strategy.
- Portovesme Hub: 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 "Portovesme Hub") to produce critical battery materials. The Portovesme Hub would repurpose part of the existing Glencore metallurgical complex, which would enable a cost-efficient and expedited development plan. It was expected that the Portovesme Hub could have processing capacity of up to 70,000 tonnes of BM&E annually, producing approximately 15,000 to 16,500 tonnes per annum of lithium carbonate, as well as up to approximately 18,000 tonnes per annum of nickel and 2,250 tonnes per annum of cobalt contained in MHP. In September 2023, the Company announced its plans to accelerate the processing of black mass in Portovesme, Italy by commencing a smaller Phase 1 project that would process 11,000 tonnes of black mass per year. Work on the definitive feasibility study ("DFS") for the Portovesme Hub is ongoing; completion timing during 2024 is under review with Glencore, driven by the DFS deliverables. In addition, the timing for the Phase 1 project is subject to change pending a regulatory review.

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 million through the DOE's Advanced Technology Vehicles Manufacturing program. The DOE Loan, which would be required to be used for the development of the Rochester Hub, would have a term of up to approximately 12 years from financial close, and interest on the loan would be based on the 10-year U.S. Treasury rates from the date of each advance under the loan. The Company is actively engaged and continues to work closely with the DOE to satisfy conditions precedent for financial close for the loan for gross proceeds of \$375 million as it undertakes its comprehensive review of the go-forward strategy for the Rochester Hub. In addition to the conditions precedent to financial close, the Company will need to meet additional conditions precedent prior to the first advance, including obtaining additional financing to fund a required base equity commitment. Net proceeds from the loan will reflect customary deductions such as capitalized interest and other items. There can be no assurances that this review process will not affect the expected timing, terms and closing of the DOE Loan.

#### *Impairment*

In light of escalating costs for the Rochester Hub, an impairment assessment of the carrying value of the Company's assets was performed in accordance with IFRS as at September 30, 2023. The Company recognized a non-cash impairment charge in the period in the amount of \$96.5 million to reduce its assets to their recoverable amount of \$449.0 million. Please refer to Note 11 of the accompanying unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 and 2022.

## Cash Preservation Plan

On November 1, 2023, the Company initiated the implementation of the Cash Preservation Plan while the Company explores strategic alternatives as well as financing options to increase the liquidity of Li-Cycle. As a result of this plan, the Company took steps to significantly reduce its workforce, slowed operations at its North American Spoke network, including a pause in production at its Ontario Spoke, and reduced other non-operational spending. Together, these steps are expected to result in cash savings on payroll costs of approximately \$4.0 million per quarter and result in severance costs of approximately \$4.0 million in the fourth quarter of 2023. Cash outflows in the fourth quarter of 2023 are expected to include one-time expenditures such as severance costs and costs related to securing the Rochester Hub project site to enable the pause. Following these initial steps, the Company continues to assess other cost reduction opportunities and expects the results from the Cash Preservation Plan to deliver lower cash flows used in operating activities.

Refer to section entitled “Liquidity and Capital Resources” for further discussion.

## Business outlook for the year ending December 31, 2023

	Actual Results	Revised Business Outlook	Previous Business Outlook
\$ millions, except production in tonnes	Nine months ended September 30, 2023	Year ended December 31, 2023	Year ended December 31, 2023
<b>Production Volume</b>			
BM&E Production	4,891	5,500 – 6,500	7,500 – 8,500

The Company’s 2023 growth capital outlook was primarily related to the Rochester Hub and the development of the Company’s European Spoke network. As a result of the comprehensive review of the go-forward strategy for the Rochester Hub and the Cash Preservation Plan, the Company does not expect to meet its 2023 growth capital spend for 2023. The Company will not be issuing a revised outlook for growth capital spend until the comprehensive review is complete.

The Company will be revising its production outlook for Black Mass & Equivalents from 7,500-8,500 tonnes to 5,500-6,500 tonnes for 2023. The revised production outlook is based on slowed Q4 production levels from the Company’s operating Spokes, being the New York Spoke, Arizona Spoke, Alabama Spoke, and Germany Spoke, as the Company assesses its BM&E requirements given the review of the Rochester Hub project. The revision excludes any previously planned production from Line 2 of the German Spoke, as this project is under review.

## Select Financial Information

Unaudited \$ millions, except for per share data, for the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 4.7	\$ 2.8	\$ 11.9	10.8
Loss from operations	(140.1)	(39.1)	(221.7)	(93.5)
Net loss	(130.5)	(20.6)	(205.2)	(58.8)
Loss per common share - basic and diluted	(0.73)	(0.12)	(1.16)	(0.34)
As at	September 30, 2023		December 31, 2022	
Total assets	\$	760.9	\$	901.1
Total non-current financial liabilities		352.5		321.6

## Financial Results

Unaudited \$ millions, except per share data	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
<b>Financial highlights</b>						
Revenues	\$ 4.7	\$ 2.8	\$ 1.9	\$ 11.9	\$ 10.8	1.1

Operating expenses	144.8	41.9	102.9	233.6	104.3	129.3
Other income (expense)	9.6	18.5	(8.9)	16.6	34.7	(18.1)
Income taxes	—	—	—	0.1	—	0.1
Net loss	(130.5)	(20.6)	(109.9)	(205.2)	(58.8)	(146.4)
Net loss attributable to the Shareholders of Li-Cycle Holdings Corp.	(130.5)	(20.5)	(110.0)	(205.1)	(58.7)	(146.4)
Adjusted EBITDA <sup>1</sup>	(38.9)	(35.1)	(3.8)	(113.8)	(85.3)	(28.5)
Loss per common share - basic and diluted	\$ (0.73)	(0.12)	(0.61)	\$ (1.16)	\$ (0.34)	\$ (0.82)
Cash used in operating activities	(24.3)	(11.2)	(13.1)	(83.0)	(52.0)	(31.0)
As at	September 30, 2023			December 31, 2022		Change
<i>Cash</i>						
Cash balance	\$	137.4	\$	517.9	\$	(380.5)

## Revenue

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

Unaudited \$ millions, except sales volume	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 3.5	\$ 4.4	\$ 15.7	\$ 12.0
Recycling service revenue recognized in the period	1.2	0.5	2.2	1.2
Revenue before FMV adjustments	4.7	4.9	17.9	13.2
Fair value pricing adjustments	—	(2.1)	(6.0)	(2.4)
Revenue	\$ 4.7	\$ 2.8	\$ 11.9	\$ 10.8
Tonnes of BM&E sold	892	1,190	3,866	2,796

For the three and nine months ended September 30, 2023, revenues were \$4.7 million and \$11.9 million, respectively, compared to \$2.8 million and \$10.8 million, respectively, in the corresponding periods of 2022. Sales of Black Mass & Equivalents were 892 tonnes and 3,866 tonnes for the three and nine months ended September 30, 2023, compared to 1,190 tonnes and 2,796 tonnes in the corresponding periods of 2022. Revenue from product sales and recycling services before FMV adjustments of \$4.7 million for the three months ended September 30, 2023 represented a decrease of 4% when compared to the prior period, whereas revenue from product sales and recycling services before FMV adjustments of \$17.9 million for the nine months ended September 30, 2023, represented an increase of 36% compared to the prior period. The decrease of 4% for the three months ended September 30, 2023 was driven by decreased BM&E sales volume due to inventory building for the Rochester Hub and reduced market prices of cobalt and nickel. This was partially offset by a higher value product sales mix for BM&E and increased recycling service revenue on feed intake. The 36% increase for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily driven by a higher product sales value mix of BM&E, higher product sales volume and increased recycling service revenue on feed intake, partially offset by the reduced market prices of cobalt and nickel. There were unfavorable FMV adjustments on product revenue of \$nil and \$6.0 million, respectively, for the three and nine months ended September 30, 2023, compared to unfavorable adjustments of \$2.1 million and \$2.4 million, respectively, in the corresponding periods of 2022, driven by decreasing cobalt and nickel prices in the period.

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

<sup>1</sup> Adjusted EBITDA is a non-IFRS financial measure and does not have a standardized meaning under IFRS. Refer to the section entitled "Non-IFRS Measures" in this MD&A for details, including a reconciliation to comparable IFRS financial measures.

		Market price per tonne							
		As at September 30,		As at June 30,		As at March 31,		As at December 31,	
		2023	2022	2023	2022	2023	2022	2022	2021
Cobalt	\$	31,967	\$ 56,659	\$ 31,416	\$ 69,446	\$ 35,935	\$ 85,980	\$ 41,337	\$ 73,855
Nickel		18,505	22,245	20,075	23,050	23,050	33,300	30,400	20,740

		Average market price per tonne							
		For the nine months ended September 30,		For the six months ended June 30,		For the three months ended March 31,			
		2023	2022	2023	2022	2023	2022		
Cobalt	\$	33,363	\$ 72,030	\$ 33,363	\$ 80,267	\$ 35,458	\$ 79,954		
Nickel		22,466	25,606	23,574	27,485	25,737	26,930		

As of September 30, 2023, 4,274 metric tonnes of Black Mass & Equivalents are subject to fair value pricing adjustments which, depending on the contractual terms, 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 twelve months:

Expected settlement dates for metric tonnes subject to fair value pricing adjustments					
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	October 31, 2022
271+ days	1,662	2,450	1,154	1,195	1,816
181-270 days	557	743	583	925	1,178
91-180 days	743	668	925	1,406	678
1-90 days	1,312	1,116	1,697	902	530
Total metric tonnes	4,274	4,977	4,359	4,428	4,202

#### Operating expenses

Primary expense categories for Li-Cycle include employee salaries and benefits and share-based compensation (together, “**personnel costs**”), office, administrative and travel, professional fees (which include consulting and other advisor fees), raw materials and supplies, depreciation, and plant facilities. Personnel costs are presented net of any employee and share-based compensation capitalized to assets under construction.

For the three and nine months ended September 30, 2023, operating expenses were \$144.8 million and \$233.6 million, respectively, \$102.9 million and \$129.3 million higher than in the corresponding periods of 2022. The main drivers of the increase in the current year period costs were an impairment charge in the amount of \$96.5 million and personnel costs which increased by \$5.9 million and \$9.8 million for the three and nine months ended September 30, 2023, respectively. This increase is related to the addition of corporate and operational personnel as Li-Cycle continued to expand its Spoke operations, offset by lower share-based compensation. The expansion of the Spoke operations network drove increases in plant facilities expenses of \$2.1 million and \$4.1 million for the three and nine months ended September 30, 2023, respectively, and increases in depreciation of \$1.3 million and \$4.5 million, for the three and nine months ended September 30, 2023, respectively. This expansion includes the ramp-up phase of the Arizona Spoke and Alabama Spoke and the commencement of operations at the Germany Spoke. Research and development expenses increased \$1.7 million and \$2.1 million for the three and nine months ended September 30, 2023, respectively, and were primarily related to initial research and development costs for the Portovesme Hub. The above increases for the three months ended September 30, 2023 were partially offset by a reduction in raw materials and supplies expenses of \$5.7 million primarily driven by a lower provision for inventory as a result of lower battery inventories on hand at period end. For the nine months ended September 30, 2023, raw materials and supplies expenses increased by \$4.9 million reflecting the increased volume of production as a result of additional processing capacity in the Spoke network as well as higher average material costs driven by higher cobalt and nickel prices in the prior year.

#### Other income

Other income consists of interest income, foreign exchange gain or loss and interest expense (together, “**interest expense and other costs**”), and fair value gain (loss) on financial instruments. Interest expense represents interest paid in kind, actual cash interest costs incurred and any accrued interest payable at a future date, net of interest costs capitalized for qualifying assets if 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 and nine months ended September 30, 2023, other income was \$9.6 million and \$16.6 million, respectively, representing a decrease of \$8.9 million and \$18.1 million, compared to the corresponding periods of 2022. The main driver for the decrease results from decreased fair value gains on financial instruments. Additionally, a fair value gain on the redemption of warrants was recorded in the nine months ended September 30, 2022 of \$11.1 million, compared to \$nil in the nine months ended September 30, 2023 as all warrants were redeemed in 2022.

#### *Net loss and Adjusted EBITDA*

Net loss was \$130.5 million and \$205.2 million in the three and nine months ended September 30, 2023, respectively, compared to a net loss of \$20.6 million and \$58.8 million in the comparative periods in 2022. Net loss for the three and nine months ended September 30, 2023 was driven by the factors discussed above. Adjusted EBITDA loss was \$38.9 million and \$113.8 million in the three and nine months ended September 30, 2023, respectively, compared to \$35.1 million and \$85.3 million in the corresponding periods of 2022. The primary difference between Adjusted EBITDA and net loss for the period is the exclusion of unrealized fair value gains on financial instruments, as well as interest income, interest expense, depreciation, and certain one-time expenses. A reconciliation of Adjusted EBITDA loss to net loss is provided in the section “*Non-IFRS Measures*” below.

#### *Cash and cash equivalents*

Cash and cash equivalents were \$137.4 million as at September 30, 2023, compared to \$517.9 million as at December 31, 2022. Cash and cash equivalents as at November 10, 2023 are estimated to be approximately \$100.0 million. The Company incurred capital expenditure of \$289.9 million in the period, primarily comprising purchases of equipment and construction related activities for the Rochester Hub and the Germany Spoke in addition to outflows for ongoing operating expenses of \$83.0 million. Refer to the section entitled “*Liquidity and Capital Resources*” for further details of the Company’s cash flows.

#### *Cash flows used in operational activities*

For the three and nine months ended September 30, 2023, cash flows used in operating activities were \$24.3 million and \$83.0 million, respectively, compared to cash flows used in operating activities of \$11.2 million and \$52.0 million in the comparative periods of 2022. The variances were primarily driven by the growth and expansion of Li-Cycle’s operations and commercial footprint, and the ramp up of operations in the period.

### **Operational Updates**

Unaudited \$ millions, except production data in tonnes	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
<i>Operational Highlights</i>						
Capital Expenditure	\$ 123.3	\$ 58.2	112%	\$ 289.9	\$ 141.1	105%
Production - Black Mass & Equivalents	1,319	1,211	9%	4,891	2,725	79%

#### *Capital expenditure*

Capital expenditures for the three and nine months ended September 30, 2023 were \$123.3 million and \$289.9 million, respectively, compared to \$58.2 million and \$141.1 million in the corresponding periods of 2022. Capital expenditures for the three and nine months ended September 30, 2023 were primarily driven by procurement of equipment and construction materials and services for the Rochester Hub project of \$87.4 million and \$191.1 million, respectively. Capital spend on the process buildings and warehouse were \$12.4 million during the three

months ended September 30, 2023 and \$53.8 million during the nine months ended September 30, 2023. Capital spend for detailed engineering, equipment and installation and facility related expenditures for the Company's Spokes for the three and nine months ended September 30, 2023 were \$21.9 million and \$37.8 million, respectively, and include expenditures for Spokes under development, including the Germany Spoke, as well as other sustaining and improvement capital expenditures for the existing Spoke network. Capital expenditures exclude capitalized non-cash interest.

Included in the total capital expenditures for the three and nine months ended September 30, 2023 are \$2.3 million and \$6.6 million in Company personnel costs, respectively, compared to \$2.7 million and \$2.7 million in the corresponding periods of 2022. These costs were capitalized to assets under construction as they are costs that are directly attributable to bringing the Company's Rochester Hub and Spoke development projects to a condition and location necessary for the assets to be capable of operating in the manner intended by management.

#### *Production – Black Mass & Equivalents*

The Company produced 1,319 tonnes and 4,891 tonnes of Black Mass & Equivalents in the three and nine months ended September 30, 2023, respectively, compared to 1,211 tonnes and 2,725 tonnes in the corresponding periods of 2022. The increase in production of BM&E was primarily attributable to the Company's expanding Spoke network, including the additions of the Alabama Spoke and Germany Spoke.

#### *Rochester Hub*

Li-Cycle's first commercial Hub was under construction in Rochester, New York. Li-Cycle's Spoke facilities in North America are intended to be the primary suppliers of Black Mass & Equivalents feedstock for the Rochester Hub. The location for the Rochester Hub was specifically selected due to the nature of the infrastructure available at the site, including utilities and road/rail networks.

Li-Cycle completed a definitive feasibility study for the Rochester Hub in December 2021. If the Rochester Hub is completed in accordance with the previously disclosed scope of the project in accordance with that study, it would be expected to have 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). Based on the definitive feasibility study, the facility is expected to have an output capacity of battery grade materials of approximately 7,500 to 8,500 tonnes per annum of lithium carbonate, 9,400 to 10,700 tonnes per annum of nickel contained and 1,400 to 1,600 tonnes per annum of cobalt contained.

Capital expenditures for the Rochester Hub project were \$87.4 million during the three months ended September 30, 2023 with spend to date of \$301.3 million at September 30, 2023. Incremental to the previously disclosed budget of \$560.0 million, the Company has also been funding the construction of the process buildings and warehouse on behalf of the landlord. The Company was previously anticipating a refund of a substantial portion of this contribution upon completion of the landlord funding arrangement and was expecting to enter into leasing arrangements for the buildings. Contributions on the buildings were \$12.4 million during the three months ended September 30, 2023 with spend to date of \$92.2 million at September 30, 2023. The Company has subsequently decided not to pursue these building leasing arrangements and thus the Company no longer anticipates the contributed amounts to be refunded.

As previously disclosed, engineering and procurement of the Rochester Hub project were largely complete, with focus having shifted to construction activities when the Board has decided to pause construction work on the Rochester Hub, pending a review of the project.

The Company is undertaking a comprehensive review and root cause analysis of escalating costs associated with the Rochester Hub project. Initial findings indicate that based on recent sub-contractor agreements for packages of remaining work, aggregate costs to complete the project would be substantially higher than was anticipated in the previously disclosed \$560 million budget. The escalating costs were specifically related to installation and labour costs for ramping up the installation of mechanical equipment, piping, structural steel, electrical and instrumentation for measurement and process control devices. Labour rates were impacted by high demand for resources due to other construction projects in the region resulting in the need to source labour from outside of the region. This, combined with the decision not to proceed with the leasing arrangement for the process buildings and warehouse for the

project, were key factors which led management to conclude that the expected aggregate cost to complete the project would be substantially higher than the previously disclosed budget. With this pause, the Company has the opportunity to better phase the project with the current timing and evolution of the battery recycling and EV markets and to optimize construction and contracting strategy. The phased approach may include the ability to produce intermediate battery metal products such as MHP and improve project economics. The Company has performed initial analysis of options for completion of the Rochester Hub and is continuing to develop more detailed analysis. Based on the initial analysis, the Company has determined that the revised project costs could be in the range of approximately \$850.0 million to approximately \$1.0 billion depending on the option selected. This range includes the cost of the process buildings and warehouse for the Rochester Hub of approximately \$140 million. This total project range is based solely upon that initial analysis, is subject to a number of assumptions and is likely to change as the Company continues to complete its comprehensive review work and determine which options to pursue accordingly. The Company will require additional funding to the DOE loan before restarting the Rochester Hub project.

### *Spoke Network*

Li-Cycle has four operational Spokes in North America (the Ontario Spoke, 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). On November 1, 2023, the Company announced that it will be pausing production at its Ontario Spoke.

The Company will be slowing operations at its operational Spokes in North America as it reviews the timing and BM&E needs of the Rochester Hub. The Company will also be re-evaluating its strategy for bringing on additional Spoke and Hub capacity in the mid-term.

The table below outlines current installed Spoke capacity by Spoke location:

Annual material processing capacity (in tonnes)	Main Line <sup>1</sup>	Ancillary Processing			Total Processing Capacity
		Dry Shredding <sup>2</sup>	Powder Processing <sup>3</sup>	Baling <sup>4</sup>	
Ontario Spoke (production paused November 1, 2023)	5,000	—	—	—	5,000
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 (Line 1 only)	10,000	—	—	—	10,000
<i>2023 installed capacity</i>	<i>40,000</i>	<i>10,000</i>	<i>6,000</i>	<i>5,000</i>	<i>61,000</i>

#### Notes

<sup>1</sup> 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.

<sup>2</sup> Processes materials that don't contain electrolyte with less risk of thermal runaway, such as electrode foils.

<sup>3</sup> Processes electrode powders to minimize dusting in downstream processes.

<sup>4</sup> Processes electrode foils into formed cubes for optimizing logistics and downstream processing.

To optimize for customer locations, during the third quarter, the Company relocated its dry shredder from the New York Spoke to the Arizona Spoke and its baler from the New York Spoke to the Alabama Spoke. This reduced the ancillary processing capacity at the New York Spoke by 10,000 tonnes, and increased the annual ancillary processing capacity at the Arizona Spoke and the Alabama Spoke by 5,000 tonnes each.

## **Liquidity and Capital Resources**

### *Sources of Liquidity*

As at September 30, 2023, the Company had \$137.4 million of cash and cash equivalents on hand and convertible debt of \$282.8 million. Li-Cycle has no material debt maturities until September 29, 2026. 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.

The Company has a declining cash balance. As a result, if the Company is unable to source short or long-term financing in the near term, the Company will not have sufficient cash and cash equivalents on hand to support current operations for the twelve months following the filing of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 and 2022. 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.

Promptly following the October 23, 2023 announcement to pause the construction of the Rochester Hub, the Board established a Special Committee of independent directors 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 then selected 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 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 at its remaining operating Spoke locations. 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, Li-Cycle is implementing working capital initiatives to extend credit terms, eliminating non-operating spend, inventory optimization and is continuing to work closely with the United States DOE Loan Programs Office on project financing for the Rochester Hub.

#### *Cash Flows Summary*

Presented below is a summary of Li-Cycle's operating, investing, and financing cash flows for the periods indicated:

\$ millions	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flows used in operating activities	\$ (24.3)	\$ (11.2)	\$ (83.0)	\$ (52.0)
Cash flows used in investing activities	(123.3)	(58.2)	(289.9)	(141.1)
Cash flows (used in) from financing activities	(3.8)	(1.3)	(7.6)	245.0
Net change in cash	\$ (151.4)	\$ (70.7)	\$ (380.5)	51.9

#### *Cash Flows Used in Operating Activities*

For the three and nine months ended September 30, 2023, cash flows used in operating activities were \$24.3 million and \$83.0 million, respectively, compared to \$11.2 million and \$52.0 million in the corresponding periods of 2022 reflecting the growth of Li-Cycle's operations and commercial footprint, which included additional personnel costs, production costs from the ramp-up phase at the Alabama Spoke and Germany Spoke, R&D expenses, and consulting costs relating to the development of the Rochester Hub.

#### *Cash Flows Used in Investing Activities*

For the three and nine months ended September 30, 2023, cash flows used in investing activities were \$123.3 million and \$289.9 million, respectively, compared to \$58.2 million and \$141.1 million in the corresponding periods of 2022, and were primarily driven by the capital investment in the Rochester Hub and the Germany Spoke. Cash flows used in investing activities in the prior year were for similar activities for the Rochester Hub and Alabama Spoke.

#### *Cash Flows Used in Financing Activities*

Cash flows used in financing activities in the three and nine months ended September 30, 2023 were \$3.8 million and \$7.6 million, respectively, compared to cash flow used in financing activities of \$1.3 million and cash



flow from financing activities of \$245.0 million in the corresponding periods of 2022. The decrease from the comparative periods is related to the closing of the investment in common shares of the Company by LG Energy Solution, Ltd. and LG Chem. Ltd. on May 12, 2022 and the issuance of convertible notes to Glencore on May 31, 2022, for aggregate gross proceeds of \$250 million.

#### *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 company within the Koch Investments Group) and issued a convertible note (the “**KSP Convertible Note**”) in the principal amount of \$100 million to Spring Creek Capital, LLC. The KSP Convertible Note will mature on September 29, 2026. 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. Interest payments made in cash are 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%. Starting July 1, 2023, as the LIBOR interest rate is no longer published, the interest rate is instead based on the sum of the Secured Overnight Financing Rate (“SOFR”) and 0.58% (being average spread between the SOFR and LIBOR during the three-month period ending on July 31, 2023, namely the date on which LIBOR ceased to be published). 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 on the KSP Convertible Note 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 September 30, 2023, comprised the following:

Note	Date Issued		Amount Issued
KSP Convertible 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
<b>Total</b>		<b>\$</b>	<b>114.6</b>

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 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.

##### *Glencore Convertible Note*

On May 31, 2022, the Company issued to Glencore a convertible note in the aggregate principal amount of \$200.0 million (the “**Glencore Convertible Note**”), in a transaction exempt from registration under the U.S.

Securities Act of 1933, as amended. The Glencore Convertible Note matures five years from the date of issuance and interest on the Glencore Convertible Note is payable on a semi-annual basis, either in cash or by PIK, at the Company's option. The Glencore 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 Convertible Note of November 30, 2022. The Glencore Convertible Note and the PIK notes issued thereunder are referred to collectively as the **"Glencore Convertible Notes"**, and as at September 30, 2023, comprised the following:

Note	Date Issued		Amount Issued
Glencore Convertible Note	May 31, 2022	\$	200.0
PIK Note	November 30, 2022		8.1
PIK Note	May 31, 2023		8.4
<b>Total</b>		<b>\$</b>	<b>216.5</b>

The principal and accrued interest owing under the Glencore 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 Convertible Notes at any time by payment of an amount in cash equal to 100% of the outstanding principal amount of the Glencore Convertible Notes and all accrued interest owing under the Glencore Convertible Notes. In connection with any optional redemption and provided that the holder of the Glencore Convertible Notes has not elected to convert the Glencore 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 Convertible Notes on the optional redemption date that entitle the holder to acquire, until the maturity date of the Glencore Convertible Notes, 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 optional redemption date.

The obligations of the Company to make any payment on account of the principal of and interest on the KSP Convertible Notes and the Glencore Convertible Notes are subordinate 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 Convertible Notes were amended on February 13, 2023 to clarify the conversion calculation.

### Contractual Obligations and Commitments

The following table summarizes Li-Cycle's contractual obligations and other commitments for cash expenditures as of September 30, 2023, and the years in which these obligations are due:

Unaudited \$ 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	\$ 99.1	\$ 99.1	\$ —	\$ —	\$ —
Lease liabilities	88.9	8.7	17.4	15.5	47.3
Restoration provisions	3.2	—	0.2	—	3.0
Convertible debt principal	331.1	—	114.6	216.5	—
Convertible debt interest	115.0	—	33.8	81.2	—
<b>Total as of September 30, 2023</b>	<b>\$ 637.3</b>	<b>\$ 107.8</b>	<b>\$ 166.0</b>	<b>\$ 313.2</b>	<b>\$ 50.3</b>

As of September 30, 2023, there were \$9.6 million in committed purchase orders or agreements for equipment and services, compared to \$9.5 million as of December 31, 2022. The above does not include commitments entered into for severance and costs related to securing the Rochester Hub project site.

## 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 September 30, 2023, the impact of a 5% change in these respective currencies versus the U.S. dollar, would result in an immaterial impact.

### *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.

### *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 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 risk*

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 following table sets out the Company's exposure, as of September 30, 2023 and December 31, 2022, 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:

	Cobalt		Nickel	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
BM&E Metric tonnes subject to fair value pricing adjustments	4,274	4,428	4,274	4,428
10% increase in prices	\$ 0.4	\$ 0.8	\$ 0.8	1.4
10% decrease in prices	\$ (0.4)	\$ (0.8)	\$ (0.8)	(1.4)

The following table sets out the period end commodity prices for cobalt and nickel as at September 30, 2023 and December 31, 2022:

		Market price per tonne	
As at		September 30, 2023	December 31, 2022
Cobalt	\$	31,967 \$	41,337
Nickel		18,505	30,400

#### *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 September 30, 2023.

#### **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 the Annual Report entitled "Item 3. Key Information—D. Risk Factors."

#### *Financing Options and Strategic Alternatives*

In light of our liquidity position and anticipated funding requirements, Li-Cycle engaged Moelis to assist with exploring financing options and strategic alternatives while Li-Cycle continues to evaluate various potential strategic and other options. There can be no assurance that Li-Cycle will be successful in identifying and implementing any financing option or strategic alternative. The process of evaluating these options may be 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 will be incurred regardless of whether any such course of action is implemented, or 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 recent reduction 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 our business. If we fail to achieve some or all of the expected benefits of the financing options and strategic alternative review, it could have a material adverse effect on our competitive positions, business, results of operations, financial condition and cash flows. Further, the market capitalization of Li-Cycle has sharply declined following the announcement of the 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 Li-Cycle may not be able to complete any 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 Li-Cycle may consummate in the future could harm our 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 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 possibility of future litigation.

#### *Development and Growth Projects*

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; cost escalations; construction delays; supply chain constraints; skilled labour and capital constraints. Li-Cycle has recently experienced escalating construction costs for the Rochester Hub project. The occurrences of these risks could have a material and adverse impact on Li-Cycle, its financial condition, its ability to operate and its cash flows.

#### *Financial Condition and Capital Requirements*

Li-Cycle was until 2020 a development stage company with no commercial revenue, and incurred net losses of approximately \$205.2 million for the nine months ended September 30, 2023, \$53.7 million for the year ended October 31, 2022, \$226.6 million for the year ended October 31, 2021 and \$9.4 million for the year ended October 31, 2020. Li-Cycle expects to incur net losses in the future and may never achieve sustained 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 IAS 1, *Presentation of financial statements*, that there is a substantial doubt regarding Li-Cycle's ability to continue as a going concern. As a result, Li-Cycle has implemented the Cash Preservation Plan in order to reduce expenses and slow cash outflows. 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, the closed loop resource recovery, logistics management, secure destruction and add-on services of Li-Cycle's lithium-ion battery recycling operations are capital-intensive. While we have been evaluating financing and strategic alternatives, the outcome of these matters cannot be predicted with any certainty at this time. There are no assurances that Li-Cycle will be able to raise sufficient capital when needed and may therefore need to significantly modify or terminate our operations or dissolve and liquidate our assets under applicable bankruptcy laws or otherwise.

Because of the numerous risks and uncertainties associated with the current status of Li-Cycle's business, and the uncertainty of generating revenue associated with current efforts, even if Li-Cycle is able to avoid the negative considerations listed above, Li-Cycle is unable to predict if it will become profitable or maintain profitability. 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. Current assets were \$198.9 million as of September 30, 2023. Additional losses have been incurred since September 30, 2023 and Li-Cycle expects to incur additional expenses in connection with any future financing or alternative strategic transaction or process, de-mobilization and site maintenance costs at the Rochester Hub and general business operations. 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. 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 us to seek contractor support at unplanned additional expense or otherwise harm our productivity. Furthermore, the loss or transition of any member of its senior management team, or inability to retain highly skilled employees could adversely affect its business. Li-Cycle's success depends on the skills, experience, and performance of its employees, including its senior management.

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 beneficially own, directly or indirectly, approximately 21% of the Company's outstanding common shares as of November 10, 2023. 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 November 10, 2022 to November 10, 2023, the market price of Li-Cycle's common shares has fluctuated from a high of \$6.37 per share to a low of \$1.07 per share. In addition, the market capitalization of Li-Cycle has sharply declined following the announcement of the pause on the Rochester Hub project on October 23, 2023. Furthermore, in the past, shareholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial cost, divert management's attention and resources and harm our business, financial condition and results of operations.

The Shareholder Rights Plan adopted by the Board on October 31, 2023 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.

Li-Cycle's relationship with its current suppliers has come under stress following the announcement of the pause on the Rochester Hub project on October 23, 2023. There can be no assurance that Li-Cycle will attract new suppliers or expand its supply pipeline from existing suppliers, or that its relationship with current suppliers will not be adversely affected as a result of the current status of its business, 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 two intermediate products produced at Li-Cycle's Spokes: Black Mass & Equivalents and shredded metal. If the Rochester Hub becomes operational, and Li-Cycle starts processing black mass internally, Li-Cycle expects to recognize revenue from the sale of end products, including nickel sulphate, cobalt sulphate, and lithium carbonate. 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 recycling services and products.

Li-Cycle relies on a limited number of customers from whom it generates most of its revenue. Li-Cycle has entered into two agreements with Traxys North America LLC ("Traxys") covering the off-take of black mass from its Spokes in North America and certain specialty products from the Rochester Hub. Refer to the section titled "Item 4. Information on the Company—B. Business Overview —our Broad and Diversified Intake and Off-Take Commercial Contracts" in the Annual Report. Li-Cycle has also entered into additional off-take agreements with Glencore, covering substantially all of its other Spoke and Hub products. 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.

### *Fluctuations in Commodity Prices*

The prices that Li-Cycle pays for battery feedstock for its Spokes, and the revenue that Li-Cycle currently recognizes from the sale of Black Mass & Equivalents and shredded metal produced at Li-Cycle's Spokes, are impacted by the commodity prices for the metals contained in those battery feedstocks or products, notably nickel, cobalt and copper. As a result, fluctuations in the prices of these commodities affect Li-Cycle's costs and revenues. For example, reduced market prices of cobalt and nickel contributed to a decrease in our revenue in the three months ended September 30, 2023 as compared to the same period in the prior year. If the Rochester Hub becomes operational, and Li-Cycle starts processing black mass internally, Li-Cycle expects to recognize revenue from the sale of end products, including nickel sulphate, cobalt sulphate, and lithium carbonate. The amount of revenue that Li-Cycle will recognize from the sale of these end products will also be impacted by the commodity prices for the metals contained in these end products, notably lithium, nickel, and cobalt. While Li-Cycle's costs and revenues may vary with commodity prices and specialty product prices, the Company believes the wide 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 continued growth is dependent on its ability to scale the business as currently planned, 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 also opened its first European Spoke, in Germany, and 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 reduction in workforce 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 other Spoke projects. As the Company conducts a comprehensive review of the go-forward strategy of the organization, there can be no assurance that Li-Cycle will continue to grow. Even if the development of Li-Cycle's Rochester Hub and full operations at its Spoke network and other future projects resume, all such projects and operations will continue to be subject to risks, including engineering, permitting, procurement, contracting, construction, commissioning 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. The Company is currently reviewing its go-forward strategy.

#### *Global Supply Chain*

Li-Cycle's business is affected by developments in the global supply chain. The COVID-19 pandemic and geopolitical events, including Russia's invasion of Ukraine, have resulted in significant disruptions in 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 operational or construction slowdowns. Such disruptions to the global supply chain may have a material adverse effect on Li-Cycle's operations, development and construction activities and financial condition.

#### *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.

#### **Related Party Transactions**

For information about Li-Cycle's related party transactions refer to Note 12 in the condensed consolidated interim financial statements and the section of the Annual Report entitled "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions."

## Outstanding Share Data

As of November 10, 2023, Li-Cycle had the following issued and outstanding common shares, and common shares issuable upon conversion of convertible debt, exercise of stock options and settlement of restricted share units:

	Number of common shares outstanding or issuable upon conversion or exercise
Common shares outstanding	178,249,828
Convertible debt	30,600,024
Stock options	3,745,065
Restricted share units	2,944,005
<b>Total</b>	<b>215,538,922</b>

## Summary of Quarterly and Transition Period Results

The table below sets forth certain summarized unaudited quarterly financial data for the eight most recently completed quarters and the two-month periods ended December 31, 2022 and 2021. This information has been prepared in accordance with IFRS. The operating results for any period are not necessarily indicative of the results to be expected for any future period.

	Three months ended						Two months ended		Three months ended		
	September 30,		June 30		March 31,		December 31,		October 31,		
Unaudited \$ millions, except per share data	2023 <sup>1</sup>	2022	2023	2022	2023	2022	2022 (Restated)	2021	2022	2021	
Revenues	\$ 4.7	\$ 2.8	\$ 3.6	\$ —	\$ 3.6	\$ 8.0	\$ 5.9	\$ 2.8	\$ 3.0	\$ 4.4	
Net profit (loss)	(130.5)	(20.6)	(35.3)	(28.1)	(39.4)	(10.1)	1.7	22.1	(33.9)	(204.9)	
Net profit (loss) attributable to:											
Shareholders of Li-Cycle Holdings Corp.	(130.5)	(20.5)	(35.2)	(28.1)	(39.4)	(10.1)	1.7	22.1	(33.9)	(204.9)	
Non-controlling interest	—	(0.1)	(0.1)	—	—	—	—	—	—	—	
Earnings (loss) per share, basic	\$ (0.73)	\$ (0.12)	\$ (0.20)	\$ (0.17)	\$ (0.22)	\$ (0.06)	\$ 0.01	\$ 0.14	\$ (0.19)	\$ (1.31)	
Earnings (loss) per share, diluted	\$ (0.73)	\$ (0.12)	\$ (0.20)	\$ (0.17)	\$ (0.22)	\$ (0.06)	\$ 0.01	\$ 0.13	\$ (0.19)	\$ (1.31)	

<sup>1</sup> Net profit (loss) includes \$96.5 million of impairment.

Li-Cycle became a reporting issuer for the purposes of Ontario securities laws on August 10, 2021. Over the eight most recently completed quarters and the two-month periods ended December 31, 2022 and 2021, the Company's results were primarily impacted by the continued development of its Spoke network; the development of the Rochester Hub; and costs and expenses incurred in connection with its growth plan, including personnel and facilities costs and legal, audit and tax advisory services in support of the Company's growth plans as a public company. The results were also impacted by costs and expenses incurred in connection with the completion of the business combination between Li-Cycle and Peridot Acquisition Corp. completed on August 10, 2021 (the "**Business Combination**"), including excess of fair value over consideration transferred of \$152.7 million in the three months ended October 31, 2021, and by fair value gain (loss) on financial instruments relating to warrants and convertible debt.

## 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 condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 and 2022 have been prepared in accordance with IFRS as issued by the IASB.



### *Going concern*

The going concern basis 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's ability to support its operations and meet its financial obligations is dependent upon the Company's continued access to short and long-term financing, timing and costs of Hub construction and future commodity prices.

There are risks and uncertainties affecting the Company's future financial position and performance including, but not limited to ongoing volatility in commodity prices and continued geopolitical uncertainties affecting treasury rates and construction costs. As a result, management concluded that there are material uncertainties related to the Company's ability to obtain short and long-term financing, which casts substantial doubt upon the Company's ability to continue as a going concern. With these uncertainties, the Company could face liquidity constraints particularly related to escalating costs at its Rochester Hub, as well as, employee salaries and benefits and other ongoing operational costs. The Company has implemented mitigating initiatives available to it to strengthen its financial position and enhance liquidity 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 established a Special Committee of independent directors 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 and other advisors to assist with exploring financing options to increase the liquidity of Li-Cycle and strategic alternatives. In addition, the financial advisors will 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 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 at its remaining operating Spoke locations. 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.
- The Company also continues to work with the United States Department of Energy Loan Programs Office on the previously announced U.S. DOE Loan initiative which would increase the Company's cash balance and fund construction costs at its Rochester Hub.

These factors represent material uncertainties that cast substantial doubt as to the Company's ability to continue as a going concern. These condensed 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.

### *Impairment*

The Company assesses at the end of each reporting period whether there are any indicators, from external and internal sources of information, that an asset or cash-generating unit ("CGU") may be impaired requiring an adjustment to the carrying value. The Company considers its integrated Spoke & Hub network to be one CGU. The recoverable amount of the CGU is based on the future cash flows expected to be derived from the Company's Spoke and Hub network and represents the CGU's fair value less costs of disposal ("FVLCD").

The Company has decided to pause construction work on the Rochester Hub project, pending completion of a comprehensive review of the go-forward strategy for the project. The pause was due to recent escalating costs. In addition, the Company experienced continued delays in planned project financing and challenges in closing its building leasing arrangements in connection with the project, due to complexities in bringing both arrangements

together. Accordingly, the Company expects the aggregate cost for the current scope of the project to substantially exceed its previously disclosed guidance.

Key assumptions used in the calculation of recoverable amount include a discount rate of 19% as determined by the weighted average cost of capital, and management's estimate of future capital costs and operational results.

The Company has performed a sensitivity analysis to identify the impact of changes in the discount rate which is a key assumption that impacts the recoverable amount calculations. The Company assumed a 1% increase in the discount rate while holding all other assumptions constant, which would reduce the recoverable amount by approximately \$113.0 million (a 1% decrease in the discount rate would increase the recoverable amount by approximately \$131.0 million). The Company has also performed a sensitivity analysis to identify the impact of changes in the future capital costs which is a key assumption that impacts the recoverable amount calculations. The Company assumed a \$50.0 million increase in future capital costs while holding all other assumptions constant, which would reduce the recoverable amount by approximately \$41.0 million (a \$50.0 million decrease in future capital costs would increase the recoverable amount by approximately \$41.0 million).

#### *Revenue*

The Company's principal activities generate revenues from the operation of LIB 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:

- Services for recycling lithium-ion batteries which includes coordination of logistics and destruction of batteries; and
- Sale of products which includes Black Mass & Equivalents and shredded metal.

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 service to a customer. 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 initially estimated by management and subsequently trued up to customer confirmation). Certain adjustments like handling and refining charges are also made per contractual terms with customers. Depending on the contractual terms with customers, the payment of receivables may take up to 12 months from date of shipment. 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 respective measurement dates. Changes in fair value are recognized as an adjustment to product revenue and the related accounts receivable.

Recycling service revenue is recognized at a point in time upon completion of the services. The price for services is separately identifiable within each contract. A receivable is recognized by the Company when the services are completed 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 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.

#### *Convertible debt instruments*

The 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. The debt element of the instruments is classified as a liability and recorded as 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 debt element is accreted to the original face value of the instruments, over their life, using the effective interest method. If the conversion option is classified as a liability and requires bifurcation, it is bifurcated as an embedded derivative unless the Company elects to apply the fair value option to the convertible debt. The embedded derivative liability is initially recognized at fair value and classified as derivatives in the statement of financial position. Changes in the fair value of the embedded derivative liability are subsequently accounted for directly through the income statement.

#### **Recently Issued Accounting Standards Not Yet Adopted**

From time to time, new accounting standards, amendments to existing standards, and interpretations are issued by the IASB. 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.

#### **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 (as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and Canadian Securities Administrators National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as of the end of the period covered by this report. Based on such evaluation, its Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2023, its disclosure controls and procedures were not effective, due to the material weaknesses in the Company's internal control over financial reporting described below.

#### **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 and Canadian Securities Administrators' National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. 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 IFRS.

Li-Cycle has identified material weaknesses in its ICFR. A material weakness is a deficiency, or a combination of deficiencies, in ICFR, 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 of September 30, 2023, management assessed the effectiveness of the Company's ICFR based on the criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "**COSO 2013 Framework**"). Based on this assessment, management identified the following material weaknesses as of September 30, 2023:

- an ineffective control environment, resulting from an insufficient number of experienced personnel with the appropriate technical training to allow for a detailed review of transactions and planned projects that would identify errors in a timely manner;
- an ineffective 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;
- an ineffective information and communication process to ensure the relevance, timeliness and quality of information including estimates used in control activities, resulting from: (i) insufficient communication of internal control information, including objectives and responsibilities; and (ii) ineffective general IT controls and controls over information from a service organization;
- an ineffective monitoring process, resulting from the evaluation and communication of internal control deficiencies not being performed in a timely manner; and,
- ineffective control activities related to the design, implementation and operation of process level controls and financial statement close controls, as a consequence of the above, which had a pervasive impact on the Company's ICFR.

As a result, management has concluded that the Company did not maintain effective internal control over financial reporting as of September 30, 2023, based on the COSO 2013 Framework described above. These material weaknesses create a reasonable possibility that a material misstatement to the Company's condensed consolidated interim financial statements will not be prevented or detected on a timely basis.

#### *Plan for Remediation of Material Weaknesses*

Li-Cycle has continued to implement its remediation plan to address the material weaknesses and their underlying causes. The Company continues to work alongside external advisors with subject matter expertise and additional resources to establish and strengthen all elements of the Company's ICFR programs. In the quarter ended September 30, 2023, management continued the design effectiveness testing phase covering controls across substantially all business processes, entity level controls and IT general controls.

Specific actions taken to address the five components of the COSO 2013 Framework are set forth below:

- An ineffective control environment, resulting from an insufficient number of experienced personnel with the appropriate technical training to allow for a detailed review of transactions and planned projects that would identify errors in a timely manner;
- An ineffective risk assessment process to identify all relevant risks of material misstatement and to evaluate the implications of relevant risks on its internal control over financial reporting, resulting from the insufficient number of experienced personnel described above;
- An ineffective information and communication process to ensure the relevance, timeliness and quality of information including estimates used in control activities, resulting from: (i) insufficient communication of internal control information, including objectives and responsibilities; and (ii) ineffective general IT controls and controls over information from a service organization;

Li-Cycle has hired experienced finance personnel into corporate and regional roles with financial reporting, public company and internal control expertise.

As part of the development of the ICFR program, management has implemented a top-down, risk-based approach to identify significant processes and transaction streams, their associated risks of material misstatement, and the impact on the overall system of internal control.

Management has formally communicated internal control information, including objectives and responsibilities, to control owners, and reinforced the same on a continual basis. Management has identified IT applications supporting key controls, designed general IT controls over these applications, and has designed a process to assess controls at service organizations

- An ineffective monitoring process, resulting from the evaluation and communication of internal control deficiencies not being performed in a timely manner; and,
- Ineffective control activities related to the design, implementation and operation of process level controls and financial statement close controls, as a consequence of the above, which had a pervasive impact on the Company's internal control over financial reporting.

Management is currently evaluating the design effectiveness of its key controls and continues to report its progress to the audit committee on a quarterly basis, including testing deficiencies.

Management has designed and implemented key controls within its business processes and over the financial statement close, which it believes is sufficient to address the risks of material misstatement in its financial reporting. Remediation of identified key control design and implementation deficiencies has been a key focus management since testing began in late Q2 2023.

Although Li-Cycle has strengthened its controls in these areas as it 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.

#### *Changes in internal control over financial reporting*

Except for the steps taken to address the material weaknesses in the Company's ICFR as described above in "Plan for Remediation of Material Weakness", no changes in the Company's ICFR occurred during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

#### **Non-IFRS Measures**

The Company uses the non-IFRS measure of Adjusted EBITDA. Management believes that this non-IFRS measures provides useful information to investors in measuring the financial performance of the Company and is provided as additional information to complement IFRS 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 IFRS 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 IFRS. Accordingly, it should not be considered in isolation nor as a substitute for the analysis of the Company's financial information reported under IFRS.

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 (gains) losses on financial instruments 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 profit (loss) to Adjusted EBITDA loss.

Unaudited \$ millions	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (130.5)	\$ (20.6)	\$ (205.2)	\$ (58.8)
Income tax	—	—	0.1	—
Depreciation	4.6	3.3	12.3	7.8
Interest expense	4.0	5.9	11.5	13.5
Interest income	(2.6)	(3.8)	(11.8)	(5.3)
EBITDA	\$ (124.5)	\$ (15.2)	\$ (193.1)	\$ (42.8)
Impairment	96.5	—	96.5	—
Non-recurring costs	—	—	0.3	—
Fair value gain on financial instruments <sup>1</sup>	(10.9)	(19.9)	(17.5)	(42.5)
Adjusted EBITDA (loss)	\$ (38.9)	\$ (35.1)	\$ (113.8)	\$ (85.3)

<sup>1</sup> Fair value gain on financial instruments relates to convertible debt, and to warrants, which were redeemed and no longer outstanding as of September 30, 2022.

### Status of U.S. Domestic Issuer

The Company has determined that it no longer qualifies as a “foreign private issuer” under applicable U.S. securities laws and beginning January 1, 2024, will become subject to the rules and regulations of the SEC applicable to U.S. domestic issuers, including, among other things, the requirement to file an annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as required; rules governing solicitation of proxies; the provisions of Regulation Fair Disclosure, which regulates the selective disclosure of material information; and the requirement for insiders to file public reports of their ownership of the Company and trading activities. In addition, beginning January 1, 2024, the Company will be subject to the New York Stock Exchange listing requirements applicable to U.S. domestic issuers. The Company will also be required to report its financial statements in accordance with U.S. generally accepted accounting principles.

### Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A 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 MD&A 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 on payroll costs of \$4.0 million per quarter and severance costs of approximately \$4.0 million in the fourth quarter and lower cashflows used in operating activities; Li-Cycle’s expectations regarding cash outflows in the fourth quarter of 2023; Li-Cycle’s production outlook for Black Mass & Equivalents of 5,500-6,500 tonnes for 2023; Li-Cycle’s expectations regarding the \$375 million loan through United States Department of Energy Loan Programs Office Advanced Technology Vehicles Manufacturing program, including that it will need to meet condition precedents prior to the first advance, including obtaining additional financing to fund the required base equity commitment; the expected completion of a definitive feasibility study of the Portovesme Hub during 2024; the expectations regarding the construction and commissioning of the Portovesme Hub, and its processing capacity, subject to a final investment decision; the expectation regarding the long-term financing from Glencore to fund Li-Cycle’s share of the capital investment in the Portovesme Hub; the Company’s expectations that the cost for the current scope of the Rochester Hub project will exceed the previously disclosed budget of \$560 million; Li-Cycle’s expectation that the pause on construction of the Rochester Hub provides the opportunity to better phase the project with the current timing and evolution of the battery recycling and EV markets and to optimize construction and contracting strategy and that the phased approach may include the ability to produce intermediate battery metal products such as MHP and improve project economics; Li-Cycle’s expectations that the revised Rochester Hub project costs depending on the option selected could be in the range of approximately \$850.0 million to approximately \$1.0 billion; Li-Cycle’s

expectations that it will require significant additional funding in addition to the DOE Loan, before restarting the Rochester Hub project; Li-Cycle's expectations that it will be slowing operations at its operational Spokes in North America and re-evaluating its strategy for bringing on additional Spoke and Hub capacity in the mid-term; Li-Cycle's expectation that it will attract new suppliers by differentiating itself based on the sustainability of its process and the robustness of its technology; Li-Cycle's expectation that its supply pipeline will grow as suppliers increase volumes of batteries and manufacturing scrap available for recycling due to the continuing trend toward EVs; Li-Cycle's expectation to recognize revenue from the sale of end products; the expected settlement dates for the metric tonnes of BM&E subject to fair value price adjustments; the input and output capacities of the Rochester Hub; Li-Cycle's expectation regarding other capital expenditures in 2023; Li-Cycle's expectation that it will need to secure short or long term financing in the near term or else it will not have sufficient cash and cash equivalents on hand to support current operations for the twelve months following the filing of this MD&A; and expectations related to potential strategic alternatives and financing options. These statements are based on various assumptions, whether or not identified in this communication, including but not limited to assumptions regarding the timing, scope and cost of Li-Cycle's projects; the processing capacity and production of Li-Cycle's facilities; 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.

These forward-looking statements are provided for the purpose of assisting readers in understanding certain key elements of Li-Cycle's current objectives, goals, targets, strategic priorities, expectations and plans, and in obtaining a better understanding of Li-Cycle's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes and is not intended to serve as, and must not be relied on, by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability.

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. Li-Cycle believes that these risks and uncertainties include, but are not limited to, the following: 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, 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 failure to materially increase recycling capacity and efficiency; Li-Cycle may engage 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; 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; uncertainty related to the success of the Cash Preservation Plan and related workforce reductions; 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 revenues for the Rochester Hub are derived significantly from a single customer; 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; unfavourable 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'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 our directors and officers who hold Company common shares to have interests that may differ from the interests of other shareholders; risks related to adoption of 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 section entitled "Item 3. Key Information—D. Risk Factors" included in the Annual Report, under "Key Factors Affecting Li-Cycle's Performance" hereof and elsewhere in this MD&A. 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 MD&A.