

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

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

**For the month of May 2023.
Commission File Number 001-40733**

LI-CYCLE HOLDINGS CORP.

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

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 ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

INCORPORATION BY REFERENCE

Exhibits 99.2 and 99.3 to this report on Form 6-K shall be deemed to be incorporated by reference into the registration statement on Form S-8 (File No. 333-261568) of Li-Cycle Holdings Corp. (including the prospectus forming a part of such registration statement) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibits

| Exhibit Number | Exhibit Description |
|----------------|---------------------|
|----------------|---------------------|

| | |
|------|--|
| 99.1 | <u>Press Release, dated May 15, 2023 - Li-Cycle First Quarter 2023 Financial Results</u> |
|------|--|

| | |
|------|--|
| 99.2 | <u>Condensed Consolidated Interim Financial Statements as of and for the Three Months ended March 31, 2023 and 2022.</u> |
|------|--|

| | |
|------|--|
| 99.3 | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations for the Period Ended March 31, 2023 and 2022.</u> |
|------|--|

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 and Director

May 15, 2023

Li-Cycle Reports First Quarter 2023 Operational and Financial Results; Announces Plans for a Significant European Recycling Hub with Glencore

Highlights

- Li-Cycle and Glencore to commence definitive feasibility study (DFS) to co-develop Portovesme Hub, expected to be largest resource recovery facility to produce key recycled critical battery materials in Europe;
- Advanced the construction of Rochester Hub, maintaining budget and schedule to commence commissioning in late 2023;
- Optimized North American Spoke network for battery material feed with solid operating performance; Advanced development of three European Spokes, with Germany start-up on track for mid-2023;
- Completed definitive agreement with VinES, the largest battery manufacturer in Vietnam;
- Progressed \$375 million loan commitment from U.S. Department of Energy (DOE), with close on track for mid-2023; and
- Cash on hand of \$409.2 million as of March 31, 2023.

TORONTO, ONTARIO (May 15, 2023) – [Li-Cycle Holdings Corp.](#) (NYSE: LICY) (“Li-Cycle” or the “Company”), an industry leader in lithium-ion battery (LIB) resource recovery and the leading LIB recycler in North America, today announced financial and operating results for its first quarter ended March 31, 2023. Revenues from product sales and recycling services before fair market value adjustments were \$7.7 million, which increased from \$3.6 million in the same period of 2022. Total revenues were \$3.6 million, compared with \$8.0 million last year, and included an unfavorable non-cash fair market value metal pricing impact of \$4.1 million, driven by a decline in cobalt and nickel prices, versus a benefit of \$4.4 million in the prior year.

“As we indicated at the end of March, we continue to deliver on our strategic objectives and further Li-Cycle’s position as a leading pure-play resource recovery player in the battery supply chain. In North America, our operational Spokes continue to demonstrate strong production results to provide the future feed to our Rochester Hub, which remains on track to commence commissioning in late 2023,” said Ajay Kochhar, Li-Cycle’s President and Chief Executive Officer.

“Consistent with our strategy, we are extending the modular approach deployed in North America to Europe. With three Spokes in development, supported by numerous commercial contracts, we are excited to proceed with the next step in our strategy of ‘closing the loop’. Building on our strong partnership with Glencore, we plan to jointly study the feasibility of a European Hub that is expected to be the largest source of recycled battery-grade lithium, nickel, and cobalt in the continent. The development plan leverages Glencore’s existing metallurgical site, at Portovesme, in Sardinia, Italy, to process up to 50,000 to 70,000 tonnes of black mass annually, or the equivalent of up to 600,000 electric vehicles.”

Commercial Arrangements

On April 12, 2023, Li-Cycle and VinES, the largest battery manufacturer in Vietnam, signed a definitive agreement for a long-term recycling relationship. From 2024, Li-Cycle will become the strategic and preferred recycling partner for Vietnamese-sourced battery materials of VinES. The agreement further contemplates the possible construction of a dedicated Spoke located close to the VinES manufacturing site in Vietnam. An investment decision regarding the dedicated Spoke facility is expected to be made in 2025. In the meantime, Li-Cycle will process VinES material utilizing Li-Cycle’s North American Spoke network.

Global Network Expansion Update

We continued to make great progress developing and operationalizing our network growth plans in both North America and Europe.

The Rochester Hub has continued to make significant strides on construction milestones, with procurement of long lead process equipment ahead of schedule and detailed engineering largely completed. The project remains on schedule for commissioning in late 2023 with construction costs within budget, trending at the higher end of the \$486 million to \$560 million range.

On May 9, 2023, Li-Cycle announced the Company has signed a Letter of Intent with Glencore, one of the world's largest globally diversified natural resource companies, to jointly study the feasibility of, and later, to develop a new Hub facility in Portovesme, Italy. The Hub would produce critical battery materials, including nickel, cobalt, and lithium from recycled battery content. Li-Cycle and Glencore will jointly commence a DFS for this project in mid-2023, with expected completion by mid-2024. Subject to final investment decision by the parties, the project would proceed to construction, with commissioning expected to commence in late 2026 to early 2027. Once operational, the Portovesme Hub is expected to have an annual processing capacity of up to 50,000 to 70,000 tonnes of black mass, or the equivalent of up to 600,000 electric vehicles.

Balance Sheet Position

At March 31, 2023, Li-Cycle had cash on hand of \$409.2 million. During the quarter, the Company's capital spend was \$86.3 million, primarily driven by purchases of equipment and construction materials for the Rochester Hub.

On February 27, 2023, the Company entered into a conditional commitment with the DOE for a loan of up to \$375 million through its Advanced Technology Vehicles Manufacturing Program, in support of the Rochester Hub development. This strategic financing achieves the Company's goal of executing on debt financing that optimizes its capital structure and provides increased financial flexibility to fund future network growth plans. The Company is currently on track to close the transaction in mid-2023.

Financial Results for the Three Months Ended March 31, 2023

Revenues from product sales and recycling services before fair market value adjustments were \$7.7 million, which increased from \$3.6 million in the same period of 2022. The increase in product revenue was primarily attributable to the higher sales volume from the continued growth of the Company's customer base, the expanding operations of the Company's Spoke facilities, and the benefit of a higher sales value mix, partially offset by a reduction in market prices of cobalt and nickel. Total revenues were \$3.6 million, compared with \$8.0 million last year, and included an unfavorable non-cash fair market value metal pricing impact of \$4.1 million versus a benefit of \$4.4 million, respectively, driven by the decline in cobalt and nickel prices.

Operating expenses increased to \$42.7 million versus \$29.1 million in the same period of 2022, driven primarily by higher raw material and supply costs due to increased volume of production coupled with higher average material costs. In addition, other expenses were higher due to the expansion of the Company's global Spoke network and the construction of the Rochester Hub.

Net loss was \$39.4 million, compared to \$10.1 million in the same period of 2022, and included a fair value loss on financial instruments of \$0.7 million and a gain of \$14.9 million, respectively.

Adjusted EBITDA¹ loss was \$35.2 million, compared to a loss of \$19.5 million in the same period of 2022, attributed to higher expenses in support of the Company's expansion of the global Spoke network and the construction of the Rochester Hub. Additionally, non-cash share-based compensation decreased to \$3.2 million from \$7.0 million in the same period of 2022.

¹ 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).



Webcast and Conference Call Information

Company management will host a webcast and conference call on Monday, May 15, 2023, at 8:30 a.m. Eastern Time. The related presentation materials for the webcast and conference call will be made available on the investor 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) 518-9783

Participant Code: LICYQ123

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 on a mission to leverage its innovative Spoke & Hub Technologies™ to provide a customer-centric, end-of-life solution for lithium-ion batteries, while creating a secondary supply of critical battery-grade materials. Lithium-ion rechargeable batteries are increasingly powering our world in automotive, energy storage, consumer electronics, and other industrial and household applications. The world needs improved technology and supply chain innovations to better manage battery manufacturing waste and end-of-life batteries, and to meet the rapidly growing demand for critical and scarce battery-grade raw materials through a closed-loop solution. For more information, visit <https://li-cycle.com/>.

Contacts

Investor Relations

Nahla Azmy

Sheldon D'souza

Email: investors@li-cycle.com

Media

Louie Diaz

Email: media@li-cycle.com

Non-IFRS Financial Measures

Adjusted EBITDA (loss)

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

| Unaudited - \$ millions | Three months ended | |
|--|--------------------|-----------|
| | March 31, | 2022 |
| | 2023 | |
| Net loss | \$ (39.4) | \$ (10.1) |
| Income Tax | 0.1 | — |
| Depreciation | 3.7 | 1.9 |
| Interest expense | 3.9 | 3.8 |
| Interest income | (5.0) | (0.2) |
| EBITDA | (36.7) | (4.6) |
| Non-recurring costs | 0.8 | — |
| Fair value (gain) loss on financial instruments ¹ | 0.7 | (14.9) |
| Adjusted EBITDA (loss) | \$ (35.2) | \$ (19.5) |

¹ Fair value (gain) loss on financial instruments relates to convertible debt, and to warrants, which were redeemed and no longer outstanding as of March 31, 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 expectation regarding the commencement and completion of a definitive feasibility study with Glencore to co-develop the Portovesme Hub; the expectation that the Portovesme Hub would be the largest resource recovery facility to produce key recycled critical battery materials in Europe, with the processing capacity of approximately 50,000 to 70,000 tonnes of black mass per year; the expectation regarding the start-up of Germany Spoke; the expectation that Li-Cycle will continue to further its position as a leading pure-play resource recovery player in the battery supply chain; the expectation that, from 2024, Li-Cycle will become VinES' strategic and preferred recycling partner for VinES' Vietnamese-sourced battery materials; the expectation regarding the possible construction of a dedicated Spoke located close to VinES' manufacturing site in Vietnam; the expectation that an investment decision regarding the dedicated Spoke facility in Vietnam will be made in 2025; the expectation that, subject to final investment decision by the parties, the Portovesme Hub project would proceed to construction, with commissioning expected to commence in late 2026 to early 2027; the expectation that the Portovesme Hub would produce critical battery materials, including nickel, cobalt, and lithium from recycled battery content; Li-Cycle's expectation that it will receive a loan of up to \$375 million from the DOE, and that the transaction will close in mid- 2023; and the timing of expected commencement of commissioning of the Rochester Hub and its construction costs. 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 are not guarantees of future performance. 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 if its operations are disrupted; additional funds required to meet Li-Cycle's capital requirements in the future not being available to Li-Cycle on acceptable terms or at all when it needs them; 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'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 Holdings Corp.
Condensed consolidated interim statements of financial position

| Unaudited \$ millions, as at | | March 31, 2023 | December 31, 2022 |
|--|----|-------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ | 409.2 | \$ 517.9 |
| Accounts receivable | | 3.7 | 4.3 |
| Other receivables | | 5.7 | 10.0 |
| Prepayment and deposits | | 78.2 | 95.2 |
| Inventories | | 5.1 | 8.3 |
| | | 501.9 | 635.7 |
| Non-current assets | | | |
| Plant and equipment | | 295.6 | 210.4 |
| Right-of-use assets | | 49.0 | 50.8 |
| Other assets | | 4.1 | 4.2 |
| | | 348.7 | 265.4 |
| Total assets | \$ | 850.6 | \$ 901.1 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ | 53.5 | \$ 75.9 |
| Lease liabilities | | 5.5 | 5.6 |
| | | 59.0 | 81.5 |
| Non-current liabilities | | | |
| Lease liabilities | | 46.9 | 48.3 |
| Convertible debt | | 282.3 | 272.9 |
| Restoration provisions | | 0.4 | 0.4 |
| | | 329.6 | 321.6 |
| Total liabilities | | 388.6 | 403.1 |
| Equity | | | |
| Share capital | | 775.4 | 772.4 |
| Other reserves | | 19.1 | 18.7 |
| Accumulated deficit | | (332.4) | (293.0) |
| Accumulated other comprehensive loss | | (0.3) | (0.3) |
| Equity attributable to the Shareholders of Li-Cycle Holdings Corp. | | 461.8 | 497.8 |
| Non-controlling interest | | 0.2 | 0.2 |
| Total equity | | 462.0 | 498.0 |
| Total liabilities and equity | \$ | 850.6 | \$ 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 March 31, | | 2023 | 2022 |
|--|----|---------------|---------------|
| Revenue | | | |
| Product sales | \$ | 3.1 | \$ 7.7 |
| Recycling services | | 0.5 | 0.3 |
| | | 3.6 | 8.0 |
| Expenses | | | |
| Employee salaries and benefits | | 14.8 | 10.3 |
| Share-based compensation | | 3.2 | 7.0 |
| Office, administrative and travel | | 4.5 | 3.1 |
| Professional fees | | 3.0 | 3.2 |
| Raw materials and supplies | | 8.7 | 1.1 |
| Depreciation | | 3.7 | 1.9 |
| Plant facilities | | 1.9 | 0.9 |
| Marketing | | 0.7 | 0.6 |
| Freight and shipping | | 0.8 | 0.3 |
| Research and development | | 0.5 | 0.5 |
| Change in finished goods inventory | | (0.9) | 0.2 |
| Other | | 1.8 | — |
| Operating expenses | | 42.7 | 29.1 |
| Loss from operations | | (39.1) | (21.1) |
| Other income (expense) | | | |
| Interest income | | 5.0 | 0.2 |
| Interest expense and other costs | | (4.5) | (4.1) |
| (Loss) gain on financial instruments | | (0.7) | 14.9 |
| | | (0.2) | 11.0 |
| Net loss before taxes | | (39.3) | (10.1) |
| Income tax | | 0.1 | — |
| Net loss | \$ | (39.4) | \$ (10.1) |
| Net loss attributable to | | | |
| Shareholders of Li-Cycle Holdings Corp. | \$ | (39.4) | \$ (10.1) |
| Non-controlling interest | | — | — |
| Net loss and comprehensive loss | \$ | (39.4) | \$ (10.1) |
| Loss per common share - basic and diluted | \$ | (0.22) | \$ (0.06) |

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

Unaudited \$ millions, for the three months ended March 31,

| | 2023 | 2022 |
|--|------------------|-----------|
| Operating activities | | |
| Net loss for the period | \$ (39.4) | \$ (10.1) |
| Items not affecting cash | | |
| Share-based compensation | 3.2 | 7.0 |
| Depreciation | 3.7 | 1.9 |
| Foreign exchange loss on translation | 0.2 | 0.3 |
| Loss (gain) on financial instruments | 0.7 | (14.9) |
| Interest expense | 4.0 | 3.8 |
| Interest paid | (1.0) | (0.5) |
| Interest received | 5.3 | 0.2 |
| Interest income | (5.0) | (0.2) |
| | (28.3) | (12.5) |
| Changes in non-cash working capital items | | |
| Accounts receivable | 0.6 | (5.9) |
| Other receivables | 4.1 | (0.1) |
| Prepayments and deposits | (3.3) | (7.8) |
| Inventories | 3.2 | (2.0) |
| Accounts payable and accrued liabilities | 3.0 | 9.5 |
| Cash used by operating activities | (20.7) | (18.8) |
| Investing activities | | |
| Purchases of plant and equipment | (106.6) | (17.5) |
| Prepaid equipment deposits | 20.3 | 1.1 |
| Cash used by investing activities | (86.3) | (16.4) |
| Financing activities | | |
| Repayment of lease principal | (1.7) | (1.1) |
| Cash used by financing activities | (1.7) | (1.1) |
| Net change in cash and cash equivalents | (108.7) | (36.3) |
| Cash and cash equivalents, beginning of the period | 517.9 | 563.7 |
| Cash and cash equivalents, end of the period | \$ 409.2 | \$ 527.4 |
| Non-cash investing activities | | |
| Purchase of plant and equipment in payables and accruals | \$ 25.4 | \$ 4.6 |

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

Three months ended March 31, 2023 and 2022
(Unaudited)

| | |
|--|------|
| CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS | Page |
| Condensed consolidated interim statements of financial position | 2 |
| Condensed consolidated interim statements of loss and comprehensive loss | 3 |
| Condensed consolidated interim statements of changes in equity | 4 |
| Condensed consolidated interim statements of cash flows | 5 |
| NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS | |
| Note 1 - Corporate information | 6 |
| Note 2 - Basis of preparation | 6 |
| Note 3 - Revenue - product sales and recycling services | 8 |
| Note 4 - Other income (expense) | 9 |
| Note 5 - Accounts receivable | 9 |
| Note 6 - Prepayment and deposits | 10 |
| Note 7 - Inventories | 10 |
| Note 8 - Plant and equipment | 10 |
| Note 9 - Related party transactions | 11 |
| Note 10 - Accounts payable and accrued liabilities | 11 |
| Note 11 - Convertible debt | 11 |
| Note 12 - Warrants | 14 |
| Note 13 - Share capital and share based compensation | 15 |
| Note 14 - Financial instruments and financial risk factors | 17 |
| Note 15 - Commitments and contingencies | 19 |
| Note 16 - Loss per share | 20 |
| Note 17 - Segment reporting | 20 |

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 March 31, | | Notes | 2023 | 2022 |
|--|----|-------|---------------|--------|
| Revenue | | | | |
| Product sales | 3 | \$ | 3.1 | 7.7 |
| Recycling services | 3 | | 0.5 | 0.3 |
| | | | 3.6 | 8.0 |
| Expenses | | | | |
| Employee salaries and benefits | | | 14.8 | 10.3 |
| Share-based compensation | | | 3.2 | 7.0 |
| Office, administrative and travel | | | 4.5 | 3.1 |
| Professional fees | | | 3.0 | 3.2 |
| Raw materials and supplies | | | 8.7 | 1.1 |
| Depreciation | | | 3.7 | 1.9 |
| Plant facilities | | | 1.9 | 0.9 |
| Marketing | | | 0.7 | 0.6 |
| Freight and shipping | | | 0.8 | 0.3 |
| Research and development | | | 0.5 | 0.5 |
| Change in finished goods inventory | | | (0.9) | 0.2 |
| Other | | | 1.8 | — |
| Operating expenses | | | 42.7 | 29.1 |
| Loss from operations | | | (39.1) | (21.1) |
| Other income (expense) | | | | |
| Interest income | 4 | | 5.0 | 0.2 |
| Interest expense and other costs | 4 | | (4.5) | (4.1) |
| (Loss) gain on financial instruments | 4 | | (0.7) | 14.9 |
| | | | (0.2) | 11.0 |
| Net loss before taxes | | | (39.3) | (10.1) |
| Income tax | | | 0.1 | — |
| Net loss | | \$ | (39.4) | (10.1) |
| Net loss attributable to | | | | |
| Shareholders of Li-Cycle Holdings Corp. | | \$ | (39.4) | (10.1) |
| Non-controlling interest | | | — | — |
| Net loss and comprehensive loss | | \$ | (39.4) | (10.1) |
| Loss per common share - basic and diluted | 16 | \$ | (0.22) | (0.06) |

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 | March 31, 2023 | December 31, 2022 |
|--|-------|-------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 409.2 | \$ 517.9 |
| Accounts receivable | 5 | 3.7 | 4.3 |
| Other receivables | 5 | 5.7 | 10.0 |
| Prepayment and deposits | 6 | 78.2 | 95.2 |
| Inventories | 7 | 5.1 | 8.3 |
| | | 501.9 | 635.7 |
| Non-current assets | | | |
| Plant and equipment | 8 | 295.6 | 210.4 |
| Right-of-use assets | | 49.0 | 50.8 |
| Other assets | 6 | 4.1 | 4.2 |
| | | 348.7 | 265.4 |
| Total assets | | \$ 850.6 | \$ 901.1 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10 | \$ 53.5 | \$ 75.9 |
| Lease liabilities | | 5.5 | 5.6 |
| | | 59.0 | 81.5 |
| Non-current liabilities | | | |
| Lease liabilities | | 46.9 | 48.3 |
| Convertible debt | 11 | 282.3 | 272.9 |
| Restoration provisions | | 0.4 | 0.4 |
| | | 329.6 | 321.6 |
| Total liabilities | | 388.6 | 403.1 |
| Equity | | | |
| Share capital | 13 | 775.4 | 772.4 |
| Other reserves | | 19.1 | 18.7 |
| Accumulated deficit | | (332.4) | (293.0) |
| Accumulated other comprehensive loss | | (0.3) | (0.3) |
| Equity attributable to the Shareholders of Li-Cycle Holdings Corp. | | 461.8 | 497.8 |
| Non-controlling interest | | 0.2 | 0.2 |
| Total equity | | 462.0 | 498.0 |
| Total liabilities and equity | | \$ 850.6 | \$ 901.1 |

Commitments and contingencies (Note 15)

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 |
|---|-------|-------------------------------|------------------|------------------------|------------------------|---|---|---------------------------------|-----------------|
| Balance, December 31, 2021 | | 163.2 | \$ 672.1 | \$ 4.2 | \$ (219.0) | \$ (0.3) | \$ 457.0 | \$ — | \$ 457.0 |
| Stock option expense | | — | — | 3.3 | — | — | 3.3 | — | 3.3 |
| RSUs expense | | — | — | 3.7 | — | — | 3.7 | — | 3.7 |
| Exercise of warrants | | 5.7 | 46.0 | — | — | — | 46.0 | — | 46.0 |
| Exercise of stock options | | 0.2 | 0.2 | (0.2) | — | — | — | — | — |
| Comprehensive income | | — | — | — | (10.1) | — | (10.1) | — | (10.1) |
| Balance, March 31, 2022 | | 169.1 | \$ 718.3 | \$ 11.0 | \$ (229.1) | \$ (0.3) | \$ 499.9 | \$ — | \$ 499.9 |
| Balance, December 31, 2022 | | 176.1 | \$ 772.4 | \$ 18.7 | \$ (293.0) | \$ (0.3) | \$ 497.8 | \$ 0.2 | \$ 498.0 |
| Stock option expense | 13 | — | — | 0.7 | — | — | 0.7 | — | 0.7 |
| RSUs expense | 13 | — | — | 2.7 | — | — | 2.7 | — | 2.7 |
| Settlement of RSUs | 13 | 0.4 | 3.0 | (3.0) | — | — | — | — | — |
| Comprehensive income | | — | — | — | (39.4) | — | (39.4) | — | (39.4) |
| Balance, March 31, 2023 | | 176.5 | \$ 775.4 | \$ 19.1 | \$ (332.4) | \$ (0.3) | \$ 461.8 | \$ 0.2 | \$ 462.0 |

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 March 31, | Notes | 2023 | 2022 |
|---|-------|-----------------|-----------------|
| Operating activities | | | |
| Net loss for the period | | \$ (39.4) | \$ (10.1) |
| Items not affecting cash | | | |
| Share-based compensation | | 3.2 | 7.0 |
| Depreciation | | 3.7 | 1.9 |
| Foreign exchange loss on translation | | 0.2 | 0.3 |
| Loss (gain) on financial instruments | 11 | 0.7 | (14.9) |
| Interest expense | 4 | 4.0 | 3.8 |
| Interest paid | | (1.0) | (0.5) |
| Interest received | | 5.3 | 0.2 |
| Interest income | 4 | (5.0) | (0.2) |
| | | (28.3) | (12.5) |
| Changes in non-cash working capital items | | | |
| Accounts receivable | 5 | 0.6 | (5.9) |
| Other receivables | | 4.1 | (0.1) |
| Prepayments and deposits | 6 | (3.3) | (7.8) |
| Inventories | 7 | 3.2 | (2.0) |
| Accounts payable and accrued liabilities | 10 | 3.0 | 9.5 |
| Cash used by operating activities | | (20.7) | (18.8) |
| Investing activities | | | |
| Purchases of plant and equipment | 8 | (106.6) | (17.5) |
| Prepaid equipment deposits | 6 | 20.3 | 1.1 |
| Cash used by investing activities | | (86.3) | (16.4) |
| Financing activities | | | |
| Repayment of lease principal | | (1.7) | (1.1) |
| Cash used by financing activities | | (1.7) | (1.1) |
| Net change in cash and cash equivalents | | (108.7) | (36.3) |
| Cash and cash equivalents, beginning of the period | | 517.9 | 563.7 |
| Cash and cash equivalents, end of the period | | \$ 409.2 | \$ 527.4 |
| Non-cash investing activities | | | |
| Purchase of plant and equipment in payables and accruals | 8,10 | \$ 25.4 | \$ 4.6 |

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

1. Corporate information

Company overview

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

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

On March 28, 2019, Li-Cycle Corp. incorporated a wholly-owned subsidiary, Li-Cycle Inc., under the General Corporation Law of the State of Delaware. This subsidiary operates the Company's U.S. Spoke facilities.

On September 2, 2020, Li-Cycle Corp. incorporated a wholly-owned subsidiary, Li-Cycle North America Hub, Inc., under the General Corporation Law of the State of Delaware. This subsidiary is developing the Company's first commercial Hub, in Rochester, New York.

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

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 31st to December 31st. The change is being 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 May 15, 2023.

2.2 Basis of measurement

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

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

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 March 31, 2023 are set forth in the table below:

| 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 | 67% |

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 financial statements.

The Company has adopted the following accounting amendments that were effective commencing January 1, 2022 and 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.

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 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.
- 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.

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 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

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.

3. Revenue – product sales and recycling services

| | | | |
|--|-----------|--------------|---------------|
| For the three months ended March 31, | | 2023 | 2022 |
| Product revenue recognized in the period | \$ | 7.2 | \$ 3.3 |
| Fair value pricing adjustments | | (4.1) | 4.4 |
| Product sales | | 3.1 | 7.7 |
| Recycling services | | 0.5 | 0.3 |
| Revenue | \$ | 3.6 | \$ 8.0 |

| | | | |
|---|-----------|-------------|---------------|
| For the three months ended March 31, | | 2023 | 2022 |
| Product revenue recognized in the period | \$ | 7.2 | \$ 3.3 |
| Recycling services | | 0.5 | 0.3 |
| Total revenue before FV pricing adjustment | \$ | 7.7 | \$ 3.6 |

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 14 for the impact of movements in the cobalt and nickel prices.

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

4. Other income (expense)

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

| For the three months ended March 31, | 2023 | 2022 |
|--|-----------------|----------------|
| Interest income on short-term investments | \$ 5.0 | \$ 0.2 |
| Interest income | 5.0 | 0.2 |
| Interest expense and accretion on convertible debt (net of capitalized interest) | (3.0) | (3.4) |
| Interest expense on leases | (0.9) | (0.4) |
| Other finance costs | (0.1) | — |
| Foreign exchange losses | (0.5) | (0.3) |
| Interest expense and other costs | (4.5) | (4.1) |
| Fair value gain (loss) on embedded derivatives (Note 11) | (0.7) | 3.8 |
| Fair value gain on warrants (Note 12) | — | 11.1 |
| Gains (losses) on financial instruments | (0.7) | 14.9 |
| Total | \$ (0.2) | \$ 11.0 |

5. Accounts receivable

| As at | March 31, 2023 | December 31, 2022 |
|----------------------------------|----------------|-------------------|
| Trade receivables | \$ 3.7 | \$ 4.3 |
| Total accounts receivable | 3.7 | 4.3 |
| Non-trade receivables | \$ — | \$ 3.5 |
| Sales taxes receivable | 3.6 | 4.1 |
| Other | 2.1 | 2.4 |
| Total other receivables | \$ 5.7 | \$ 10.0 |

Other receivables consist principally of interest receivable. 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 months ended March 31, 2023, the fair value loss arising from changes in estimates was \$4.1 million (2022: fair value gain of \$4.4 million), which is included in the respective accounts 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 service related receivables based on its past experience, the credit ratings of its existing customer and economic trends. For the three months ended March 31, 2023, the Company recorded a \$1.0 million credit allowance, included in the Other line (2022: \$nil). The credit allowance in the three months ended March 31, 2023 relates to a dispute with a new customer, with whom the Company has terminated its business. The Company has assessed its receivables and concluded that this does not cast doubt on the collectibility of other receivables.

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

6. Prepayment and deposits

| As at | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| Prepaid lease deposits | \$ 2.8 | \$ 2.9 |
| Prepaid transaction costs | 1.7 | 0.6 |
| Prepaid construction charges | 4.0 | 1.4 |
| Prepaid equipment deposits | 65.8 | 86.1 |
| Prepaid insurance | 4.5 | 6.0 |
| Other prepaids | 3.5 | 2.4 |
| Total prepaids and deposits | 82.3 | 99.4 |
| Non-current portion of prepaids and deposits | (4.1) | (4.2) |
| Current prepaids and deposits | \$ 78.2 | \$ 95.2 |

Other prepaids consist principally of other deposits, prepaid subscriptions and financial assurance.

7. Inventories

| As at | March 31, 2023 | December 31, 2022 |
|--------------------------|----------------|-------------------|
| Raw materials | \$ 1.4 | \$ 5.8 |
| Finished goods | 3.4 | 1.8 |
| Parts and tools | 0.3 | 0.7 |
| Total inventories | \$ 5.1 | \$ 8.3 |

The cost of inventories recognized as an expense during the three months ended March 31, 2023 was \$10.9 million (2022: \$3.2 million).

The inventory balances for finished goods and raw materials are adjusted to reflect the lower of cost or net realizable value. For the three months ended March 31, 2023, the adjustment for finished goods inventory was \$2.2 million (2022: \$nil). For the three months ended March 31, 2023, the adjustment for raw materials inventory included in the Raw materials and supplies line was a \$0.1 million partial reversal of prior period write down (2022: write-down reversal of \$0.6 million). Refer to Note 14 for additional details on commodity prices.

8. Plant and equipment

| For the three months ended March 31, | | | | | | 2023 |
|--------------------------------------|---------------------------|---------------------------|--------------------|---------------|------------------------|--------------|
| | Assets under construction | Plant equipment and other | Computer equipment | Vehicles | Leasehold improvements | Total |
| Cost | | | | | | |
| Balance, beginning of the period | \$ 167.1 | \$ 38.2 | \$ 2.1 | \$ 0.3 | \$ 9.9 | 217.6 |
| Additions | 86.6 | — | 0.3 | — | 0.2 | 87.1 |
| Transfers | (0.6) | 0.6 | — | — | — | — |
| Balance, end of the period | 253.1 | 38.8 | 2.4 | 0.3 | 10.1 | 304.7 |
| Accumulated depreciation | | | | | | |
| Balance, beginning of the period | — | (5.3) | (0.3) | (0.1) | (1.5) | (7.2) |
| Depreciation | — | (1.4) | (0.2) | — | (0.3) | (1.9) |
| Balance, end of the period | — | (6.7) | (0.5) | (0.1) | (1.8) | (9.1) |
| Net book value | \$ 253.1 | \$ 32.1 | \$ 1.9 | \$ 0.2 | \$ 8.3 | 295.6 |

For the three months ended March 31, 2023, \$2.0 million in employee salaries and \$0.2 million in share-based compensation costs (2022: \$nil) were capitalized to assets under construction.

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

For the three months ended March 31, 2023, \$5.7 million in borrowing costs (2022: \$nil) were capitalized to assets under construction. 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 12.6%.

Refer to Note 15 for details of contractual commitments to purchase fixed assets.

9. 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 March 31, | 2023 | 2022 |
|---|---------------|---------------|
| Salaries | \$ 0.9 | \$ 0.8 |
| Share-based compensation | 2.3 | 5.5 |
| Fees and benefits | 1.0 | 0.9 |
| Post employment benefits | 0.1 | — |
| Total remuneration of key management personnel | \$ 4.3 | \$ 7.2 |

Total amounts paid to directors in respect of director services in the period was \$0.1 million (2022: \$0.1 million).

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

| As at | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| Accounts payable and accrued liabilities | \$ 1.3 | \$ 2.8 |
| Outstanding balances | 1.3 | 2.8 |

Related party expenses are recorded at exchange amounts. For the three months ended March 31, 2023, total transactions with related parties are \$nil (2022: \$0.1 million).

10. Accounts payable and accrued liabilities

| As at | March 31, 2023 | December 31, 2022 |
|---|----------------|-------------------|
| Trade payables | \$ 26.7 | \$ 26.5 |
| Accrued fixed assets | 13.2 | 35.4 |
| Accrued expenses | 6.4 | 4.4 |
| Accrued compensation | 7.2 | 9.6 |
| Total accounts payable and accrued liabilities | \$ 53.5 | \$ 75.9 |

11. Convertible Debt

| As at | March 31, 2023 | December 31, 2022 |
|--|-----------------|-------------------|
| KSP Convertible Notes (a) | \$ 94.8 | \$ 91.5 |
| Glencore Convertible Notes (b) | 187.5 | 181.4 |
| Total convertible debt at end of the period | \$ 282.3 | \$ 272.9 |

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

(a) KSP Convertible Notes

| As at | March 31, 2023 | December 31, 2022 |
|---|----------------|-------------------|
| Principal of convertible notes at beginning of the period | \$ 110.2 | \$ 101.8 |
| Issuance of convertible notes | — | 8.4 |
| Principal of convertible notes at end of the period | 110.2 | 110.2 |
| Conversion feature at beginning of the period | 6.0 | 19.9 |
| Fair value loss (gain) on embedded derivative | 0.2 | (13.9) |
| Conversion feature at end of the period | 6.2 | 6.0 |
| Debt component at beginning of the period | 85.5 | 74.2 |
| Debt component issued | — | 8.4 |
| Accrued interest paid in kind | — | (8.4) |
| Accrued interest expense and accretion | 3.1 | 11.3 |
| Debt component at end of the period | 88.6 | 85.5 |
| Total convertible debt at end of the period | \$ 94.8 | \$ 91.5 |

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 are based on an interest rate of LIBOR plus 6.0% per year. Under the terms of the KSP Convertible Note, LIBOR has a floor of 1% and a cap of 2%. Once LIBOR interest rate is no longer published, the interest rate will instead be based on the sum of the Secured Overnight Financing Rate ("SOFR") and the average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceases to be published, subject to a floor of 1% and cap of 2%. The PIK election results in the issuance of a new note under the same terms as the KSP Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. On May 1, 2022, Spring Creek Capital, LLC assigned the KSP Convertible Note and the PIK note outstanding at that time to an affiliate, Wood River Capital, LLC. The Company has elected to pay interest by PIK since the first interest payment date of December 31, 2021. The KSP Convertible Note and the PIK notes issued thereunder are referred to collectively as the "KSP Convertible Notes", and as at March 31, 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 |
| Total | | \$ 110.2 |

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 March 31, 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 transaction costs of \$1.6 million, was allocated to the principal portion of the debt. During the

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

three months ended March 31, 2023, the Company recognized a fair value loss of \$0.2 million on the embedded derivatives. 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 | March 31, 2023 |
|---------------------------------|---------------------------------------|-------------------|----------------|
| Risk free interest rate | 1.1% | 4.2% | 3.9% |
| Expected life of options | 5 years | 3.8 years | 3.6 years |
| Expected dividend yield | 0.0% | 0.0% | 0.0% |
| Expected stock price volatility | 66% | 63% | 54% |
| Share Price | \$12.56 | \$4.76 | \$5.63 |

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 | March 31, 2023 | December 31, 2022 |
|---|-----------------|-------------------|
| Principal of convertible notes at beginning of the period | \$ 208.1 | \$ — |
| Issuance of convertible notes | — | 208.1 |
| Principal of convertible notes at end of the period | 208.1 | 208.1 |
| Conversion feature at beginning of the period | 16.5 | — |
| Conversion feature issued | — | 46.2 |
| Fair value loss (gain) on embedded derivative | 0.5 | (29.7) |
| Conversion feature at end of the period | 17.0 | 16.5 |
| Debt component at beginning of the period | 164.9 | — |
| Debt component issued | — | 162.0 |
| Transaction costs | — | (1.3) |
| Accrued interest paid in kind | — | (8.1) |
| Accrued interest expense and accretion | 5.6 | 12.3 |
| Debt component at end of the period | 170.5 | 164.9 |
| Total convertible debt at end of the period | \$ 187.5 | \$ 181.4 |

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 March 31, 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 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

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

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 December 31, 2022, comprised the following:

| Note | Date Issued | | Amount Issued |
|---------------------------|-------------------|-----------|---------------|
| Glencore Convertible Note | May 31, 2022 | \$ | 200.0 |
| PIK Note | November 30, 2022 | | 8.1 |
| Total | | \$ | 208.1 |

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 months ended March 31, 2023, the Company recognized a fair value loss of \$0.5 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 | March 31, 2023 |
|---------------------------------|---------------------------------|-------------------|----------------|
| Risk free interest rate | 2.9% | 4.2% | 3.9% |
| Expected life of options | 5 years | 4.4 years | 4.2 years |
| Expected dividend yield | 0.0% | 0.0% | 0.0% |
| Expected stock price volatility | 68% | 63% | 54% |
| Share Price | \$8.15 | \$4.76 | \$5.63 |

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.

12. 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 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 30 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.

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

| For the three months ended March 31, | | 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) |
| Balance, end of the period | — \$ | — |

Warrants were re-measured through profit or loss at each period end, using first level inputs. As of March 31, 2022, there were no warrants outstanding.

13. 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:

| | Three months ended March 31, 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 | 0.4 | 3.0 | 0.3 | 4.1 |
| Exercise of stock options | — | — | 1.6 | 0.5 |
| Exercise of warrants (Note 12) | — | — | 5.7 | 46.0 |
| Issuance of shares to LG Energy Solution, Ltd. and LG Chem, Ltd. | — | — | 5.3 | 49.7 |
| Balance, end of the period | 176.5 | \$ 775.4 | 176.1 | \$ 772.4 |

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.

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

A summary of stock option activities is as follows:

| | 2023 | | 2022 | |
|---------------------------------------|-------------------------|--|-------------------------|--|
| For the three months ended March 31, | | | | |
| \$ 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 | 4,368,732 \$ | 4.58 | 5,328,279 \$ | 2.88 |
| Granted | 1,075,127 | 5.77 | 687,993 | 7.61 |
| Exercised | (45,000) | 0.37 | (190,595) | 1.17 |
| Forfeited | (80,676) | 10.30 | — | — |
| Balance, end of the period | 5,318,183 | 4.77 | 5,825,677 | 3.49 |
| Exercisable stock options | 3,306,276 | 3.18 | 4,363,040 | 1.50 |

During the three months ended March 31, 2023, 45,000 stock options were exercised on a cashless basis (2022: 190,595), resulting in the issuance of 42,059 common shares (2022: 164,828) of the Company, net of stock option issuance costs.

A summary of the outstanding stock options is as follows:

| | | | 2023 | |
|-----------------|--------------------------|-------------------------|---|----------------------------|
| As of March 31, | | | | |
| Plan | Range of exercise prices | Number of stock options | Weighted-average remaining contractual life (years) | Expiration year |
| Legacy Plans | \$ 0.02-2.15 | 2,508,675 | 4.37 | April 2023 - February 2031 |
| LTIP Plans | 5.77-13.20 | 2,809,508 | 9.07 | August 2031 - January 2033 |
| | | 5,318,183 | | |

The Company recognized total expenses of \$0.7 million related to stock options during the three months ended March 31, 2023 (2022: \$3.3 million).

The fair value of the stock options granted during the three months ended March 31, 2023 was determined to be \$3.6 million (2022: \$3.3 million), using the Black-Scholes Merton option pricing model. The assumptions used in the stock option pricing model for the grants during the three months ended March 31, 2023 were as follows:

| | |
|---------------------------------|---------|
| Risk free interest rate | 3.6% |
| Expected life of options | 6 years |
| Expected dividend yield | 0.0% |
| Expected stock price volatility | 59% |
| Expected forfeiture rate | 0.15% |

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 \$2.7 million in the three months ended March 31, 2023 (2022: \$3.7 million).

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

A summary of RSU activities is as follows:

| For the three months ended March 31, | 2023 | | 2022 | |
|--------------------------------------|------------------|--|----------------|--|
| \$ 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 | 2,000,680 | 8.69 | 938,752 | 11.47 |
| Granted | 1,927,351 | 5.77 | 1,167,986 | 7.84 |
| Exercised | (378,190) | 7.82 | — | — |
| Forfeited | (71,518) | 9.20 | (1,645) | 7.74 |
| Balance, end of the period | 3,478,323 | 7.16 | 2,105,093 | 9.46 |

RSUs granted in the three months ended March 31, 2023 vest over 1 to 3 years.

For the three months ended March 31, 2023, the Company capitalized \$0.2 million in RSU and stock option costs to assets under construction (2022: \$nil).

14. 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 measured at fair value on a recurring basis are measured under level 2 of the hierarchy and were calculated as follows:

| As at March 31, 2023 | Balance | Level 2 |
|-------------------------|---------|---------|
| Accounts receivable | \$ 3.7 | \$ 3.7 |
| As at December 31, 2022 | | |
| Accounts receivable | \$ 4.3 | \$ 4.3 |

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

The Company's 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 March 31, 2023 | Balance | Level 1 | Level 2 |
|---|---------|---------|---------|
| Conversion feature of convertible debt (refer to Note 11) | \$ 23.2 | \$ — | \$ 23.2 |
| As at December 31, 2022 | | | |
| Conversion feature of convertible debt (refer to Note 11) | \$ 22.5 | \$ — | \$ 22.5 |

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.

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

dollars. As at March 31, 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 11.

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 has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium and long-term funding and liquidity requirements.

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

| Undiscounted, at March 31, | | | | | | 2023 |
|--|-----------------|------------------|----------------|-----------------|-------------------|-------------|
| | Total | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | |
| Accounts payable and accrued liabilities | \$ 53.5 | \$ 53.5 | \$ — | \$ — | \$ — | — |
| Lease liabilities | 76.8 | 8.4 | 15.9 | 13.4 | 39.1 | 39.1 |
| Restoration | 0.5 | 0.2 | 0.1 | — | 0.2 | 0.2 |
| Convertible debt principal | 318.4 | — | — | 318.4 | — | — |
| Convertible debt interest | 127.7 | — | — | 127.7 | — | — |
| Total | \$ 576.9 | \$ 62.1 | \$ 16.0 | \$ 459.5 | \$ 39.3 | 39.3 |

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 March 31, 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 | |
|--|-----------------|-------------------|-----------------|-------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2023 | December 31, 2022 |
| BM&E Metric tonnes subject to fair value pricing adjustments | 4,359 | 4,428 | 4,359 | 4,428 |
| 10% increase in prices | \$ 0.4 | \$ 0.8 | \$ 1.1 | \$ 1.4 |
| 10% decrease in prices | \$ (0.4) | \$ (0.8) | \$ (1.1) | \$ (1.4) |

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

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

| As at | Market price per tonne | |
|--------|------------------------|-------------------|
| | March 31, 2023 | December 31, 2022 |
| Cobalt | \$ 35,935 | \$ 41,337 |
| Nickel | 23,050 | 30,400 |

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net cash (cash and cash equivalents after deducting convertible debt) and equity of the Company (comprising issued share capital and other reserves).

The Company is not subject to any externally imposed capital requirements as of March 31, 2023.

15. Commitments and contingencies

As of March 31, 2023, there were \$12.7 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 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 seeks 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 does not assert any claims under either Section 10(b) or Section 20(a) of the Exchange Act. The claims in the amended complaint are 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. The motion to dismiss is now fully briefed. The Company believes that the allegations in the amended complaint are without merit and intends to vigorously defend against this matter. No amounts have been recorded for any potential liability arising from this matter.

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

16. Loss per share

| For the three months ended March 31, | | 2023 | 2022 |
|--|-----------|---------------|---------------|
| Total net loss | \$ | (39.4) | (10.1) |
| Weighted average number of common shares | | 176.4 | 167.6 |
| Basic and diluted loss per common share | \$ | (0.22) | (0.06) |

17. 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, allocating resources and assessing performance. The information review by CODM for decision making purposes aligns with the information provided above in the statements of loss and comprehensive loss, financial position, and cash flows. The Corporation's CODM is its Chief Executive Officer.

During the three months ended March 31, 2023, the Company operated in Canada and the United States. 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 ¹ | United States | Germany | Other | Total |
|--|-----------|---------------------|---------------|-------------|------------|--------------|
| Revenues | | | | | | |
| Three months ended March 31, 2023 | \$ | (0.5) | 4.1 | — | — | 3.6 |
| Three months ended March 31, 2022 | | 2.2 | 5.8 | — | — | 8.0 |
| Non-current assets | | | | | | |
| As at March 31, 2023 | \$ | 45.4 | 282.1 | 18.5 | 2.7 | 348.7 |
| As of December 31, 2022 | | 38.1 | 213.0 | 11.6 | 2.7 | 265.4 |

¹The decrease in cobalt and nickel prices over the three months ended March 31, 2023 has resulted in fair value adjustment losses which exceed the new product sales revenue recognized in the period.

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.

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

Three months ended March 31, 2023 and 2022
(Unaudited)

Table of Contents

| Title | Page |
|--|------|
| Summary | 1 |
| Company Overview | 1 |
| Comparability of Financial Information | 2 |
| Strategic Priorities and Business Outlook | 2 |
| Select Financial Information | 4 |
| Financial Results | 4 |
| Operational Updates | 7 |
| Liquidity and Capital Resources | 10 |
| Contractual Obligations and Commitments | 12 |
| Quantitative and Qualitative Disclosures about Market Risk | 13 |
| Key Factors Affecting Li-Cycle's Performance | 14 |
| Related Party Transactions | 16 |
| Outstanding Share Data | 16 |
| Summary of Quarterly Results and Transition Period Results | 16 |
| Off-Balance Sheet Arrangements | 17 |
| Material Accounting Policies and Critical Estimates | 18 |
| Disclosure Controls and Procedures | 19 |
| Internal Control Over Financial Reporting | 19 |
| Non-IFRS Measures | 20 |
| Cautionary Note Regarding Forward-Looking Statements | 21 |

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 May 15, 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 months ended March 31, 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 31st to December 31st, to better align with peer group companies. As a result, the Company has 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**”), 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 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.”

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 is an industry leader in lithium-ion battery (“**LIB**”) resource recovery and the leading LIB recycler in North America. When Li-Cycle refers to itself as the leading LIB recycler in North America, it is referring to its status based on installed permitted capacity for LIB recycling measured in tonnes per year. The Company’s proprietary “Spoke & Hub” recycling and resource recovery process is designed (a) at its Spokes, to process battery manufacturing scrap and end-of-life batteries to produce “black mass” and other intermediate products, and (b) at its Hubs, to process black mass to produce battery grade materials, including nickel sulphate, cobalt sulphate, and lithium carbonate. The Company produces certain 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**”). Li-Cycle has a market-leading position in North America through its four operational Spokes in Kingston, Ontario (the “**Ontario Spoke**”), Rochester, New York (the “**New York Spoke**”), Gilbert, Arizona (the “**Arizona Spoke**”) and Tuscaloosa, Alabama (the “**Alabama Spoke**”). The Company is currently developing its first commercial-scale Hub in Rochester, New York (the “**Rochester Hub**”). Li-Cycle is working on plans to develop an expanded Spoke and warehouse facility that will replace its existing Spoke in Kingston, Ontario (the “**New Ontario Spoke**”). Li-Cycle is also developing new Spokes in Europe, including in Magdeburg, Germany (the “**Germany Spoke**”), which is expected to commence operations in mid-2023, in Moss, Norway (the “**Norway Spoke**”), which is expected to commence logistics

operations in 2023 and operations in 2024, and in Harnes, France (the “**France Spoke**”), which is expected to commence operations in 2024. Refer to the section entitled “Operational Updates” for additional details.

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. 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 and the Alabama 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 has also announced the increase of expected processing capacity and development costs at its Rochester Hub. The Company’s actual results could differ substantially from the projected financial information contained in the Proxy/Registration Statement and the Canadian Prospectus.

Strategic Priorities and Business Outlook

Strategic priorities for the year ending December 31, 2023

- *Capitalizing on strong secular market and government policy* – The U.S. Inflation Reduction Act of 2022 favors the development of a domestic electric vehicle (“EV”) supply chain which will help the Company as a U.S. domestic operator. In addition, growing mega-factory investments in North America and globally are expected to drive significant increases in the Company’s total addressable market;
- *Advancing first mover roll-out of the Spoke & Hub network in North America and Europe* – The Rochester Hub is on track to commence commissioning in stages in late 2023. The Company is also scheduled to open its first European Spoke in 2023 with two additional European Spokes expected in 2024. The Company expects to continue to add key commercial contracts underpinning its investments in both North America and Europe;
- *Funding flexibility and building further balance sheet strength* – The Company intends to pursue potential debt financing options from both traditional and government sources in support of future growth;
- *Optimizing European asset rollout plan* – The Company is scheduled to commence operations at its first European Spoke in Magdeburg, Germany in the second half of 2023. The Germany Spoke is expected to have total capacity of 30,000 tonnes of LIB input per year including two main lines with the capacity to

process 20,000 tonnes of LIB per year and ancillary processing of a further 10,000 tonnes of LIB per year. Li-Cycle is also advancing additional Spoke projects in France and Norway;

- *Maximizing significant lithium value within black mass* – The lithium content within the Black Mass & Equivalents has no payable value under the Company's current third-party sales contracts. To unlock that value, which has increased in the current market context, Li-Cycle is planning to gradually shift to a strategy of retaining BM&E production for future internal use as feedstock at the Rochester Hub, which is on track to commence commissioning in stages in late 2023. The Rochester Hub will produce battery grade lithium carbonate, among other battery grade materials, from the Company's BM&E feedstock and the sale of these finished products is expected to unlock the additional metal value contained within the Company's BM&E.

Update on Strategic Priorities

- *Funding flexibility and building further balance sheet strength* – On February 27, 2023, the Company announced that it had entered into a conditional commitment with the United States Department of Energy ("DOE") Loan Programs Office for a loan of up to \$375 million (the "**DOE Loan**") through the DOE's Advanced Technology Vehicles Manufacturing program. The DOE Loan, which is to be used for the development of the Rochester Hub, would have a term of up to 12 years from financial close, and interest on the loan would be the 10-year U.S. Treasury rates from the date of each advance under the loan. The Company expects to close this transaction in Q2 2023, subject to completion of long form agreements and certain conditions to be satisfied prior to closing. The DOE Loan will build further balance sheet strength and liquidity in support of future growth for the Company;
- *Advancing first mover roll-out of the Spoke & Hub network in North America and Europe* – Li-Cycle has made significant progress on the construction and development of the Rochester Hub to date, with life to date spending at \$178.4 million as at March 31, 2023, which includes the achievement of key engineering, permitting, procurement and construction milestones and is on track to initiate commissioning in stages in late 2023. Refer to the section entitled "Operational Updates" for further details. The Company continues to diversify its strategic long-term commercial agreements by working with a broad pool of customers over multiple year agreements to underpin its capital investments;
- *Optimizing European Spoke rollout plan* – The Company continues to advance the Germany Spoke which is expected to have two main lines operational in the second half of 2023. The Company has also announced the development of the France Spoke, a facility with an initial main line processing capacity of 10,000 tonnes of LIB input per year, and the optionality to expand to up to 25,000 tonnes per year. Refer to the section entitled "Operational Updates" for additional details on the Company's Spoke network rollout plan;

On May 9th, 2023, the Company announced it has 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. The definitive feasibility study ("**DFS**") is expected to be completed by mid-2024. Subject to a final investment decision, the project would proceed to construction with commissioning of the Portovesme Hub expected to commence in late 2026 to early 2027. The project also contemplates competitive long-term financing from Glencore to fund Li-Cycle's share of the capital investment. The Portovesme Hub could have processing capacity of up to 50,000 to 70,000 tonnes of Black Mass & Equivalents annually.

Business outlook for the year ending December 31, 2023

| \$ millions, except production in tonnes | Actual Results | Business Outlook |
|--|-----------------------------------|------------------------------|
| | Three months ended March 31, 2023 | Year ended December 31, 2023 |
| Production Volume | | |
| BM&E Production | 1,853 | 7,500 - 8,500 |
| Growth capital for Hub & Spoke Networks¹ | | |
| Rochester Hub | \$ 55.4 | \$250-300 |
| Spokes in development | 5.7 | 35-45 |

Li-Cycle produced 1,853 tonnes of Black Mass & Equivalents in the three months ended March 31, 2023. The production outlook is based on current mainline and ancillary capacity of the Company's operating Spokes, being the Ontario Spoke, New York Spoke, Arizona Spoke and Alabama Spoke, combined with the Germany Spoke, which is currently in development and expected to have two operational main lines by the second half of 2023.

The Company's 2023 capital spending outlook is primarily related to the Rochester Hub, which is expected to enter the commissioning phase by late 2023, and developing the Spoke network. The Company continues to advance its Spokes in development in 2023, including the installation of the first and second main lines at the Germany Spoke, initial work on the France Spoke and the New Ontario Spoke, and further work on the Norway Spoke. Refer to the section entitled "Operational Updates" for further details.

The Company expects to have other capital expenditures in 2023 related to sustaining and improvement capital for the existing Spoke network, research and development, capital spare parts and other items which are not included in the growth capital outlook above.

Select Financial Information

| | | |
|--|----------------|-------------------|
| Unaudited \$ millions, except for per share data, for the three months ended March 31, | 2023 | 2022 |
| Revenue | \$ 3.6 | \$ 8.0 |
| Loss from operations | (39.1) | (21.1) |
| Net loss | (39.4) | (10.1) |
| Loss per common share - basic and diluted | (0.22) | (0.06) |
| As at | March 31, 2023 | December 31, 2022 |
| Total assets | \$ 850.6 | \$ 901.1 |
| Total non-current financial liabilities | 329.6 | 321.6 |

Financial Results

| | Three months ended | | |
|--|--------------------|--------|----------|
| | March 31, | | |
| Unaudited \$ millions, except per share data | 2023 | 2022 | Change |
| <i>Financial highlights</i> | | | |
| Revenues | \$ 3.6 | \$ 8.0 | \$ (4.4) |
| Operating expenses | 42.7 | 29.1 | 13.6 |
| Other income | (0.2) | 11.0 | (11.2) |
| Income taxes | 0.1 | — | 0.1 |
| Net loss | (39.4) | (10.1) | (29.3) |

¹ Capital spend outlook does not include capitalized labour.

| | | | |
|--|-----------|-----------|--------|
| Net loss attributable to the Shareholders of Li-Cycle Holdings Corp. | (39.4) | (10.1) | (29.3) |
| Adjusted EBITDA ² | (35.2) | (19.5) | (15.7) |
| Loss per common share - basic and diluted | \$ (0.22) | \$ (0.06) | (0.16) |
| Cash used in operating activities | (20.7) | (18.8) | (1.9) |

| | | | |
|--------------|----------------|-------------------|---------|
| As at | March 31, 2023 | December 31, 2022 | Change |
| <i>Cash</i> | | | |
| Cash balance | \$ 409.2 | \$ 517.9 | (108.7) |

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 March 31, | |
|--|------------------------------|--------|
| | 2023 | 2022 |
| Product revenue recognized in the period | \$ 7.2 | \$ 3.3 |
| Recycling service revenue recognized in the period | 0.5 | 0.3 |
| Revenue before FMV adjustments | 7.7 | 3.6 |
| Fair value pricing adjustments | (4.1) | 4.4 |
| Revenue | \$ 3.6 | \$ 8.0 |

| | | |
|---|-----|-----|
| Tonnes of Black Mass & Equivalents sold | 881 | 774 |
|---|-----|-----|

For the three months ended March 31, 2023, revenues were \$3.6 million, compared to \$8.0 million in the corresponding period of 2022. Sales of Black Mass & Equivalents were 881 tonnes for the period, compared to 774 tonnes in the corresponding period of 2022. Revenue from product sales and recycling services before FMV adjustments of \$7.7 million increased by 114% during the period, due to higher product sales volume from the continued expansion of the Company's customer base, the expanding operations of the Company's Spoke facilities, and the benefit of a higher product sales value mix of BM&E, partially offset by a reduction in market prices of cobalt and nickel. There were unfavorable FMV adjustments on product revenue of \$4.1 million for three months ended March 31, 2023, compared to favorable adjustments of \$4.4 million in the corresponding period 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:

| | Market price per tonne | | Average market price per tonne | |
|--------|------------------------|-----------|--------------------------------|-----------|
| | As at March 31, | | Three months ended March 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| Cobalt | \$ 35,935 | \$ 85,980 | \$ 35,458 | \$ 79,954 |
| Nickel | 23,050 | 33,300 | 25,737 | 26,930 |

As of March 31, 2023, 4,359 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 |
|---|

² 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.

| | March 31, 2023 | December 31, 2022 | October 31, 2022 | July 31, 2022 | April 30, 2022 |
|---------------------|----------------|-------------------|------------------|---------------|----------------|
| 271+ days | 1,154 | 1,195 | 1,816 | 1,559 | 1,358 |
| 181-270 days | 583 | 925 | 1,178 | 678 | 530 |
| 91-180 days | 925 | 1,406 | 678 | 530 | 344 |
| 1-90 days | 1,697 | 902 | 530 | 445 | 367 |
| Total metric tonnes | 4,359 | 4,428 | 4,202 | 3,212 | 2,599 |

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 months ended March 31, 2023, operating expenses were \$42.7 million, \$13.6 million higher than in the corresponding period of 2022. The main driver was an increase in raw materials and supplies cost (\$7.6 million) reflecting an increased volume of production in the period as a result of additional processing capacity in the Spoke network coupled with higher average material costs in the three months ended March 31, 2023, compared to the corresponding period of 2022. Other drivers were increases in office, administrative, and travel costs (\$1.4 million), which were driven by additional insurance costs and coverage, increased information technology costs associated with the growth in headcount and global footprint, and increased levels of travel reflecting the Company’s expanding global footprint and a return to pre-pandemic frequency of travel, and increases in personnel costs (\$0.7 million) related to the addition of corporate, operational, and engineering personnel as Li-Cycle continues to expand its Spoke operations, offset by lower share-based compensation.

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 months ended March 31, 2023, other income decreased by \$11.2 million, compared to the corresponding period of 2022. The main driver of the decrease was a fair value loss on financial instruments of \$0.7 million in 2023 compared to a fair value gain of \$14.9 million in the corresponding period in 2022, primarily due to a \$11.1 million fair value gain on the redemption of warrants in the corresponding period in 2022. This is partially offset by a \$4.8 million increase in interest income reflecting interest earned on short-term cash deposits and a decrease in interest expense on the Company’s convertible debt, the KSP Convertible Notes and the Glencore Convertible Notes, net of capitalized interest. For the three months ended March 31, 2023, \$5.7 million of interest costs were capitalized related to borrowings directly attributable to qualifying Rochester Hub assets (2022: \$nil).

Net loss and Adjusted EBITDA

Net loss was \$39.4 million in the three months ended March 31, 2023, compared to a net loss of \$10.1 million in the comparative period in 2022. Net loss for the three months ended March 31, 2023 was driven by the factors discussed above. Adjusted EBITDA loss was \$35.2 million in the three months ended March 31, 2023, compared to \$19.5 million in the corresponding period 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 \$409.2 million as at March 31, 2023, compared to \$517.9 million as at December 31, 2022. The Company incurred capital expenditure of \$86.3 million in the period, primarily comprising purchases of equipment and construction materials for the Rochester Hub and the Germany Spoke in addition to

outflows for ongoing operating expenses of \$20.7 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 months ended March 31, 2023, cash flows used by operating activities were approximately \$20.7 million, and were primarily driven by the growth and expansion of Li-Cycle’s operations and commercial footprint, the ramp up of operations in the period, and working capital changes related to the timing of receipts and payments.

Operational Updates

| | Three months ended | | |
|---|--------------------|---------|--------|
| | March 31, | | |
| Unaudited \$ millions, except production data in tonnes | 2023 | 2022 | Change |
| <i>Operational Highlights</i> | | | |
| Capital Expenditure | \$ 86.3 | \$ 16.4 | 426% |
| Production - Black Mass & Equivalents | 1,853 | 702 | 164% |

Capital expenditure

Capital expenditures for the three months ended March 31, 2023 were \$86.3 million, compared to \$16.4 million in the three months ended March 31, 2022. Capital expenditures for the three months ended March 31, 2023 were primarily driven by purchases of equipment and construction materials for the Rochester Hub of \$77.2 million. Capital spend for detailed engineering, equipment and installation and facility related expenditures for the Company’s Spokes for the three months ended March 31, 2023 were \$9.1 million, and include the Germany Spoke, as well as other sustaining and improvement capital for the existing Spoke network.

Included in the capital expenditures for the three months ended March 31, 2023 are \$2.0 million in personnel costs, which 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 (2022: \$nil).

Production – Black Mass & Equivalents

The Company produced 1,853 tonnes of Black Mass & Equivalents in the three months ended March 31, 2023, compared to 702 tonnes in the three months ended March 31, 2022. The increase in production of BM&E was primarily attributable to the Company’s expanding Spoke network, including the addition of the Arizona Spoke, the Alabama Spoke, and ancillary processing lines at the New York Spoke subsequent to the comparative period.

Capital Projects

The Company has a major design and build project underway to establish its first Hub and is developing and evolving a network of Spokes. The Company prioritizes the fastest growing electrification demand centers and prudently directing capital.

Rochester Hub

Li-Cycle’s first commercial Hub is currently under construction in Rochester, New York. Li-Cycle’s Spoke facilities in North America will 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. Based on the definitive feasibility study, Li-Cycle expects the Rochester Hub will have nameplate input capacity to process

35,000 tonnes of Black Mass & Equivalents 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 42,000 to 48,000 tonnes per annum of nickel sulphate, 7,500 to 8,500 tonnes per annum of lithium carbonate and 6,500 to 7,500 tonnes per annum of cobalt sulphate.

Li-Cycle has engaged Hatch Associates Consultants, Inc. as its engineering and procurement contractor for the Rochester Hub. Hatch Associates Consultants, Inc. is also providing select construction management services such as onsite field engineering support and overall project scheduling for the project. Li-Cycle has engaged MasTec Inc. as its general contractor. Procurement activities are well advanced and have commenced on all equipment and select construction materials for the Rochester Hub. Site works and construction commenced on the Rochester Hub site in January 2022. The Rochester Hub has made significant progress to date on key engineering, procurement and construction milestones and is expected to initiate commissioning in stages in late 2023.

Li-Cycle has been granted a special use permit for hydrometallurgical facility operations, overall site plan approval, and a special use permit with an area variance for hazardous material storage tanks at the Rochester Hub by the Town of Greece, New York, all subject to certain conditions. Li-Cycle will continue to apply for construction-related building permits from the Town of Greece, as plans for specific structures become finalized. Li-Cycle completed the New York State Environmental Quality Review Act process for the Rochester Hub in November 2021. The New York State Department of Environmental Conservation (“NYSDEC”) issued a state facility air permit for the expected emissions from the Rochester Hub in March 2022. A general permit for stormwater discharges from construction activity, and a related stormwater pollution prevention plan that meets criteria set forth by the NYSDEC, is also in place for the Rochester Hub. The remaining anticipated regulatory approvals required to complete and operate the Rochester Hub consist of the granting by the NYSDEC of a general permit for stormwater discharges associated with industrial activity, chemical bulk storage registrations, petroleum bulk storage registrations and an amendment to the state facility air permit.

Li-Cycle estimates that the Rochester Hub will require a total capital investment of approximately \$486 million (+/-15%) based on the definitive feasibility study. Costs for the Rochester Hub are trending towards the higher end of the budgeted range, with spend to date of \$178.4 million at March 31, 2023.

Li-Cycle expects that the Rochester Hub will result in a workforce of approximately 270 employees.

Spoke Network

Li-Cycle currently has four operational Spokes in North America: the Ontario Spoke, the New York Spoke, the Arizona Spoke and the Alabama Spoke. As of March 31, 2023 the Alabama Spoke was in the ramp-up phase. The Company is also continuing to add capacity to its Spoke network with new development and expansions, as described below.

The Company continues to innovate its Spoke technology with each Spoke roll out, incorporating upgrades and improvements from the development of the preceding Spokes. Since the build and installation of the Company’s first Spoke (the “**Generation 1**” Ontario Spoke in 2020), the Company has significantly evolved its Spoke design. The Ontario Spoke was a stick build format with a single shredder design. The Company’s next Spoke facility (the “**Generation 2**” New York Spoke) was a modular build with increased recovery rates, including added ancillary processing capacity. Both the Arizona Spoke and the Alabama Spoke are “**Generation 3**” Spokes and incorporate a modular build, multi-stage shredding with capabilities to shred full-pack EV batteries, further increases to recovery rates, and optionality for multiple main lines and flex capacity with ancillary processing.

The table below outlines current available Spoke capacity and additional 2023 expected Spoke capacity, by Spoke location:

| Annual material processing capacity (in tonnes) | Main Line ¹ | Ancillary Processing | | | Total Processing Capacity |
|---|------------------------|----------------------------|--------------------------------|---------------------|---------------------------|
| | | Dry Shredding ² | Powder Processing ³ | Baling ⁴ | |
| Ontario Spoke | 5,000 | — | — | — | 5,000 |
| New York Spoke | 5,000 | 5,000 | 3,000 | 5,000 | 18,000 |
| Arizona Spoke | 10,000 | 5,000 | 3,000 | — | 18,000 |
| Alabama Spoke | 10,000 | — | — | — | 10,000 |
| <i>Current available capacity</i> | <i>30,000</i> | <i>10,000</i> | <i>6,000</i> | <i>5,000</i> | <i>51,000</i> |
| Germany Spoke | 20,000 | 5,000 | — | 5,000 | 30,000 |
| 2023 expected capacity | 50,000 | 15,000 | 6,000 | 10,000 | 81,000 |

Notes

¹ Processes materials using Li-Cycle's patented submerged shredding process or "wet shredding" specifically for battery materials that contain electrolyte and have risk of thermal runaway.

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

³ Processes electrode powders to minimize dusting in downstream processes.

⁴ Processes electrode foils into formed cubes for optimizing logistics and downstream processing.

Germany Spoke

In 2022, Li-Cycle announced the development of a European Spoke to be based in Magdeburg, Germany, approximately 160 kilometers from Berlin. The Germany Spoke was planned to have an initial recycling capacity of at least 10,000 tonnes (2 GWh equivalent) per year, with the first main line expected to be operational in mid-2023. To meet customer demand and increase cost efficiencies, Li-Cycle now plans to install a second main line with capacity of 10,000 tonnes (2 GWh equivalent) per year in Germany by the end of 2023. In addition, the Germany Spoke is expected to have capacity of 10,000 tonnes per year for ancillary processing.

Norway Spoke

In 2022, Li-Cycle entered into a joint venture agreement with ECO STOR AS ("ECO STOR") and Morrow Batteries AS ("Morrow") to form Li-Cycle Norway AS for the purpose of constructing the Norway Spoke. Li-Cycle is the majority owner of Li-Cycle Norway AS, with ECO STOR and Morrow being minority owners and Nordic-headquartered strategic partners. The Norway Spoke will be a Generation 3 Spoke, expected to have a main line recycling capacity of 10,000 tonnes (2 GWh equivalent). The Company has leased a site in Moss, Norway, approximately 60 kilometers from Oslo, for this operation, and the building is currently under construction. To prioritize the expansion plans for the Germany Spoke, the Company will initially use the Norway Spoke as a consolidation and warehouse facility, with the installation of a Generation 3 Spoke line and start of operations at this facility now planned for 2024.

France Spoke

In March 2023, Li-Cycle announced the development of a third European Spoke to be based in Northern France. The France Spoke will be a Generation 3 Spoke, and is expected to have main line recycling capacity of 10,000 tonnes (2 GWh equivalent) per year, with optionality to expand to up to 25,000 tonnes (5 GWh equivalent) per year. The Company expects the initial main line to be operational in 2024.

Other Spoke Updates

Li-Cycle completed improvements to its New York Spoke in November 2022 including upgrading the shredder and adding baling to supplement ancillary processing capacity. The New York Spoke now has variable capacity of up to 18,000 tonnes per year for processing a range of LIB feedstock types.

Li-Cycle is currently working on plans to develop an expanded Generation 3 Spoke and warehouse facility that will replace its existing Ontario Spoke. Li-Cycle expects initial site work to commence during 2023. The New Ontario Spoke is currently expected to have a main line recycling capacity of 10,000 tonnes (2 GWh equivalent) of LIB per year.

Liquidity and Capital Resources

Sources of Liquidity

Li-Cycle intends to meet its currently anticipated capital requirements through cash on hand, cash flow from operations, the DOE Loan (expected to close in Q2 2023), and additional ongoing fund-raising activities. Li-Cycle has no material debt maturities until September 29, 2026. As at March 31, 2023, the Company had \$409.2 million of cash and cash equivalents on hand and convertible debt of \$282.3 million.

The Company's primary need for liquidity is to fund working capital requirements of its business, capital expenditures related to the development and construction of its Rochester Hub and new Spoke facilities, and general corporate purposes.

Li-Cycle expects that its capital investments and operating expenditures will continue to increase and will require funding, in connection with its ongoing activities and growth, as the Company: completes the development and construction of the Rochester Hub; progresses the development of the Spoke network; develops additional Hubs, including through joint ventures or other contractual arrangements; continues to invest in its technology, R&D efforts and the expansion of its intellectual property portfolio; obtains, maintains and improves its operational, financial and management information systems; and hires additional personnel.

The Company's ability to fund its capital and operating expenditures, make scheduled debt payments and repay or refinance indebtedness depends on its future operating performance and cash flows, which will be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond its control. Over the short to mid-term, Li-Cycle expects it will need to secure additional equity and debt financing to fund its growth strategy. Additional funds may not be available when the Company needs them on terms that are acceptable to the Company, or at all.

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 | |
|---|--------------------|-----------|
| | March 31, 2023 | 2022 |
| Cash flows used in operating activities | \$ (20.7) | \$ (18.8) |
| Cash flows used in investing activities | (86.3) | (16.4) |
| Cash flows used in financing activities | (1.7) | (1.1) |
| Net change in cash | \$ (108.7) | \$ (36.3) |

Cash Flows Used in Operating Activities

For the three months ended March 31, 2023, cash flows used by operating activities were approximately \$20.7 million, compared to \$18.8 million in the corresponding period of 2022 reflecting the growth and expansion of Li-Cycle's operations and commercial footprint. The cash flows used in operating activities were driven by an increase in raw material costs, as well as increased operating expenses including personnel costs and changes in non-cash working capital.

For the three months ended March 31, 2022, cash flows used by operating activities were primarily driven by the growth of Li-Cycle's operations and commercial footprint, which included increases in raw material costs, additional personnel costs, production costs from the ramp-up phase at the Alabama Spoke, R&D expenses, and consulting costs relating to the development of the Rochester Hub.

Cash Flows Used in Investing Activities

For the three months ended March 31, 2023, cash flows used in investing activities were \$86.3 million, compared to \$16.4 million in the corresponding period of 2022, and were primarily driven by the capital investment in the Rochester Hub and acquisition of equipment and construction materials for 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 Arizona Spoke at a lesser scale.

Cash Flows Used In Financing Activities

Cash flows used in financing activities in the three months ended March 31, 2023 were \$1.7 million, compared to \$1.1 million in the corresponding period of 2022, and were primarily related to lease repayments, consistent with the three months ended March 31, 2022.

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 are based on an interest rate of LIBOR plus 6.0% per year. Under the terms of the KSP Convertible Note, LIBOR has a floor of 1% and a cap of 2%. Once LIBOR interest rate is no longer published, the interest rate will instead be based on the sum of the Secured Overnight Financing Rate (“**SOFR**”) and the average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceases to be published. 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 March 31, 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 |
| Total | | \$ 110.2 |

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 March 31, 2023, comprised the following:

| Note | Date Issued | Amount Issued |
|---------------------------|-------------------|-----------------|
| Glencore Convertible Note | May 31, 2022 | \$ 200.0 |
| PIK Note | November 30, 2022 | 8.1 |
| Total | | \$ 208.1 |

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 March 31, 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 | \$ 53.5 | \$ 53.5 | \$ — | \$ — | \$ — |
| Lease liabilities | 76.8 | 8.4 | 15.9 | 13.4 | 39.1 |
| Restoration provisions | 0.5 | 0.2 | 0.1 | — | 0.2 |
| Convertible debt principal | 318.4 | — | — | 318.4 | — |
| Convertible debt interest | 127.7 | — | — | 127.7 | — |
| Total as of March 31, 2023 | \$ 576.9 | \$ 62.1 | \$ 16.0 | \$ 459.5 | \$ 39.3 |

As of March 31, 2023, there were \$12.7 million in committed purchase orders or agreements for equipment and services, compared to \$9.5 million as of December 31, 2022.

Li-Cycle expects to enter into premises leases for additional Spokes and Hubs in the twelve months following March 31, 2023.

Quantitative and Qualitative Disclosures About Market Risk

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

Currency Risk

The Company is exposed to currency risk as its cash is mainly denominated in U.S. dollars, while its operations also require Canadian dollars and other currencies in addition to U.S. dollars. As at March 31, 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, liquidity, and market 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 has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium and long-term funding and liquidity requirements.

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 March 31, 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:

| | Cobalt | | Nickel | |
|--|----------------|-------------------|----------------|-------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2023 | December 31, 2022 |
| BM&E Metric tonnes subject to fair value pricing adjustments | 4,359 | 4,428 | 4,359 | 4,428 |
| 10% increase in prices | \$ 0.4 | \$ 0.8 | \$ 1.1 | 1.4 |
| 10% decrease in prices | \$ (0.4) | \$ (0.8) | \$ (1.1) | (1.4) |

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

| | Market price per tonne | |
|--------|------------------------|-------------------|
| | March 31, 2023 | December 31, 2022 |
| As at | | |
| Cobalt | \$ 35,935 | \$ 41,337 |
| Nickel | 23,050 | 30,400 |

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net cash (cash and cash equivalents after deducting convertible debt) and equity of the Company (comprising issued share capital and other reserves).

The Company is not subject to any externally imposed capital requirements as of March 31, 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."

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 currently has over 150 suppliers of end-of-life lithium-ion batteries and battery manufacturing scrap and expects to 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 expects its supply pipeline to grow as suppliers increase volumes of batteries and manufacturing scrap available for recycling due to the continuing trend toward EVs, and as Li-Cycle continues to source additional supplier relationships. The Company's commercial agreements with Glencore also provide for the procurement of battery material for its Spoke facilities, providing access to an additional source of supply to supplement the volumes it is independently sourcing. There can be no assurance that Li-Cycle will attract new suppliers or expand its supply pipeline from existing suppliers, and any decline in supply volume from existing suppliers or an inability to source new supplier relationships could have a negative impact on Li-Cycle's results of operations and financial condition.

Customer Demand for Recycled Materials

Li-Cycle currently recognizes revenue from, among other things, sales of two intermediate products produced at Li-Cycle's Spokes: Black Mass & Equivalents and shredded metal. After 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 projected increases in 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's off-take partners are unwilling or unable to fulfil their contractual obligations to the Company, 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 will affect Li-Cycle's costs and revenues. After 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 lithium carbonate, nickel sulphate and cobalt sulphate. 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. Li-Cycle has a market-leading position in North America through its operational Spokes in Kingston, Ontario, Rochester, New York, Gilbert, Arizona and Tuscaloosa, Alabama. Li-Cycle is also advancing the construction of its first commercial Hub, in Rochester, New York. Li-Cycle has also announced its first European Spokes, in Germany and Norway, and is evaluating additional opportunities to scale its operations with a range of potential partners and expansion opportunities that may include acquisitions, joint ventures or other commercial arrangements in North America, Europe, and Asia Pacific.

The development of Li-Cycle's Rochester Hub, its Spoke network and other future projects is subject to risks, including engineering, permitting, procurement, 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. While the expansion of Li-Cycle's business in international markets, including the construction and operation of the Germany Spoke, the Norway Spoke and the France Spoke is an important element

of its strategy, but it also involves exposure to risks inherent in doing business globally, which could delay or otherwise adversely affect the Company's expansion plans.

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. R&D work is ongoing in support of its Spoke operations and its Rochester Hub project and is specifically focused on continuous optimization of operating parameters and preparation for operations. Li-Cycle also continues to develop and evaluate new concepts with an eye to the future, including solid-state battery processing and other technologies and concepts related to its Spoke & Hub Technologies™.

Related Party Transactions

For information about Li-Cycle's related party transactions refer to Note 9 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 May 11, 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 | 176,664,262 |
| Convertible debt | 29,975,433 |
| Stock options | 5,277,845 |
| Restricted share units | 3,543,194 |
| Total | 215,460,734 |

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 March 31, | | Two Months ended December 31, | | October 31, | | Three Months Ended July 31, | | April 30, | |
|--|---------------------------------|-----------|----------------------------------|----------------|-------------|-----------|--------------------------------|-----------|-----------|-----------|
| | 2023 | 2022 | 2022 | (Restated)2021 | 2022 | 2021 | 2022 ¹ | 2021 | 2022 | 2021 |
| Unaudited \$ millions, except per share data | | | | | | | | | | |
| Revenues | \$ 3.6 | \$ 8.0 | \$ 5.9 | \$ 2.8 | \$ 3.0 | \$ 4.4 | \$ (2.0) | \$ 1.7 | \$ 8.6 | \$ 0.2 |
| Net profit (loss) | (39.4) | (10.1) | 1.7 | 22.1 | (33.9) | (204.9) | (27.5) | (7.0) | (20.8) | (7.9) |
| Net profit (loss) attributable to: | | | | | | | | | | |
| Shareholders of Li-Cycle Holdings Corp. | (39.4) | (10.1) | 1.7 | 22.1 | (33.9) | (204.9) | (27.6) | (7.0) | (20.6) | (7.9) |
| Non-controlling interest | — | — | — | — | — | — | (0.1) | — | — | — |
| Earnings (loss) per share, basic | \$ (0.22) | \$ (0.06) | \$ 0.01 | \$ 0.14 | \$ (0.19) | \$ (1.31) | \$ (0.16) | \$ (0.07) | \$ (0.12) | \$ (0.08) |
| Earnings (loss) per share, diluted | \$ (0.22) | \$ (0.06) | \$ 0.01 | \$ 0.13 | \$ (0.19) | \$ (1.31) | \$ (0.16) | \$ (0.07) | \$ (0.12) | \$ (0.08) |

¹ The decrease in cobalt and nickel prices over the three months ended July 31, 2022 has resulted in fair value adjustment losses which exceed the new product sales revenue recognized in the period.

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, construction and commissioning of its Spoke network; the development and construction 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 months ended March 31, 2023 and 2022 have been prepared in accordance with IFRS as issued by the IASB.

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 March 31, 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 adequate 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.

Prior to August 10, 2021, Li-Cycle was a private company and addressed internal control over financial reporting with internal accounting and financial reporting personnel and other resources. In the course of preparing for the Business Combination, Li-Cycle identified material weaknesses in its internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Li-Cycle's annual or interim condensed consolidated interim financial statements may not be prevented or detected on a timely basis.

As of March 31, 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 March 31, 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 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 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 internal control over financial reporting.

As a result, management has concluded that the Company did not maintain effective internal control over financial reporting as of March 31, 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 taken steps to address these material weaknesses and continues to implement its remediation plan, which Li-Cycle believes will address the underlying causes. The Company has engaged external advisors with subject matter expertise and additional resources to provide assistance with all elements of the Company's internal control over financial reporting program, including: performance of a risk assessment; documentation of process flows; design and remediation of control deficiencies; and evaluation of the design and operational effectiveness of the Company's internal controls. Li-Cycle has also engaged additional external advisors to provide assistance in the areas of information technology and financial accounting. The Company continues to monitor the longer-term resource needs of its various financial functions, as the Company grows its capability, capacity, and competency. Li-Cycle has made some improvements to its various IT platforms, including our enterprise resource planning ("**ERP**") system, and work on further upgrades is ongoing with the intent to further improve and enhance system functionality.

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 March 31, 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 | |
|--|--------------------|--------|
| | March 31, 2023 | 2022 |
| Net loss | \$ (39.4) \$ | (10.1) |
| Income Tax | 0.1 | — |
| Depreciation | 3.7 | 1.9 |
| Interest expense | 3.9 | 3.8 |
| Interest income | (5.0) | (0.2) |
| EBITDA | (36.7) | (4.6) |
| Non-recurring costs | 0.8 | — |
| Fair value (gain) loss on financial instruments ¹ | 0.7 | (14.9) |
| Adjusted EBITDA (loss) | \$ (35.2) \$ | (19.5) |

¹ Fair value (gain) loss on financial instruments relates to convertible debt, and to warrants, which were redeemed and no longer outstanding as of March 31, 2022.

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: anticipated growth in global demand for and production of lithium-ion batteries and the growth of related industries; the expectation that the U.S. Inflation Reduction Act of 2022 will help the Company as a U.S. domestic operator; the expectation that growing megafactory investments in North America and globally will drive significant increases in the Company’s total addressable market; Li-Cycle’s ability to capitalize on global growth opportunities; Li-Cycle’s expectation that it will attract new suppliers and that its supply pipeline will grow; the Company’s intention to pursue potential debt financing options from both traditional and government sources in support of future growth; Li-Cycle’s expectation that it will secure a loan of up to \$375 million through United States Department of Energy Loan Programs Office Advanced Technology Vehicles Manufacturing program and that the transaction will close in Q2 2023; the expectation that the DOE Loan will build further balance sheet strength and liquidity in support of Li-Cycle’s future growth; the expectation to jointly study with Glencore plc the feasibility of, and later develop, a Hub facility in Portovesme, Italy to produce critical battery materials; the expectation regarding the completion of the definitive feasibility study; 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 plc to fund Li-Cycle’s share of the capital investment in Portovesme Hub; Li-Cycle’s expectation to recognize revenue from the sale of end products; expected settlement dates for the metric tonnes of BM&E subject to fair value price adjustments; the Company’s plan to gradually shift to a strategy of retaining BM&E production for future internal use as feedstock at the Rochester Hub; the expectation that the Rochester Hub will produce battery grade lithium carbonate, among other battery grade materials, from Li-Cycle’s BM&E feedstock and that the sale of these finished products will unlock the additional metal value contained within Li-Cycle’s BM&E; the timing of expected commencement of commissioning of the Rochester Hub, its input and output capacities, its total capital cost and the expected size of its workforce; the expected timing and capital investment requirements for the Company’s Spokes in development and the expected main line processing capacity and ancillary processing capacity of the Germany, Norway, France and expanded Ontario Spokes; Li-Cycle’s expectation that it will enter into premises leases for additional Spokes and Hubs in the twelve months following March 31, 2023; Li-Cycle’s expectation that it will invest \$35 million to \$45 million towards its Spoke expansion plans in 2023 and that it will invest \$250 million to \$300 million towards the Rochester Hub project in 2023; Li-Cycle’s expectation regarding other capital expenditures in 2023; Li-Cycle’s expectation that its capital investments and operating expenditures will continue to increase and that it will need to secure additional equity and debt financing to fund its growth strategy; and Li-Cycle’s intention to meet its currently anticipated capital requirements through cash on hand, cash

flow from operations, the DOE Loan (expected to close in Q2 2023), and additional ongoing fund-raising activities. 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; 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 capital requirements in the future not being available to Li-Cycle on acceptable terms or at all when it needs them; 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. 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 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 MD&A.