
**UNITED STATES
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 August 2023.

Commission File Number 001-40733

LI-CYCLE HOLDINGS CORP.

**Li-Cycle Holdings Corp.
207 Queens 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 ☐

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such registration statement) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

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

Exhibit Number	Exhibit Description
99.1	<u>Press Release, dated August 14, 2023 – Li-Cycle Reports Second Quarter 2023 Financial Results.</u>
99.2	<u>Condensed Consolidated Interim Financial Statements as of and for the Three and Six Months ended June 30, 2023 and 2022.</u>
99.3	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Period Ended June 30, 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

Date: August 14, 2023

Li-Cycle Reports Second Quarter 2023 Operational and Financial Results; Spoke & Hub Network on Path to Become A Top Global Producer of Key Battery-Grade Materials

Highlights

- Expanded market-leading position and speed to market through growth of Spoke & Hub network in North America and Europe; on path to produce up to 25,000 tonnes of lithium carbonate per year;
- Advanced construction of the Rochester Hub, maintaining start of commissioning in late 2023; successfully received and installed the largest piece of progress equipment on site - video link [here](#);
- Progressed development of European Hub (Portovesme Hub) with Glencore with Definitive Feasibility Study (DFS) expected to be completed by mid-2024;
- Commercialized first European Spoke in Germany, largest in Li-Cycle's global Spoke network and one of the largest on the continent;
- Signed memorandum of understanding with EVE Energy to collaborate on global sustainable lithium-ion battery recycling solutions; exploring site selection for new Spoke in Hungary;
- Advanced documentation for \$375 million Department of Energy (DOE) loan to final stages, with close anticipated in September 2023; and
- Ended June 30, 2023 with cash on hand of \$288.8 million.

TORONTO, Ontario (August 14, 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 a business update and financial results for its second quarter ended June 30, 2023.

"During the second quarter, we made significant strides on our strategic objectives, growing and operationalizing our Spoke & Hub network. In Europe, we successfully commenced processing battery materials at our Germany Spoke, our first in Europe, which is expected to become the largest pre-processing facility in our global Spoke network by the end of 2023. We are also progressing our co-development of the Portovesme Hub with Glencore with the DFS on track for completion by mid-2024. In North America, the Rochester Hub remains on schedule to commence commissioning in late 2023," said Ajay Kochhar, Li-Cycle's President and Chief Executive Officer.

Mr. Kochhar concluded, "As a result of our continued execution, we have further solidified Li-Cycle's leadership role as a sustainable and pure-play domestic solutions provider for key battery-grade materials in North America and Europe. When both the Rochester and Portovesme Hubs are in full operation, Li-Cycle is expected to have total lithium carbonate production capacity of up to 25,000 tonnes per year, making Li-Cycle a top global and sustainable producer of lithium carbonate and key battery-grade materials."

Commercial Arrangements

On July 11, 2023, Li-Cycle and EVE Energy, a leading lithium-ion battery technology company, signed a memorandum of understanding (MOU) to collaborate and explore lithium-ion battery recycling solutions for EVE battery materials. EVE is one of the world's largest lithium-ion battery cell manufacturers, with global manufacturing facilities and customers that include global automakers.

The MOU includes a framework to explore global sustainable recycling solutions for EVE's lithium-ion battery materials in the North American market, as well as battery manufacturing scrap generated at EVE's planned lithium-ion battery cell manufacturing facilities in Hungary and Malaysia. In view of this commercial partnership, Li-Cycle is undertaking a site selection process for a potential new Spoke location in Hungary.

Global Network Expansion

Li-Cycle continued to build upon its significant first mover advantage as a critical domestic source of key battery-grade materials, supported by numerous strategic commercial partnerships and leading patent-protected sustainable technology. With projected Spoke pre-processing capacity of greater than 100,000 tonnes LIB equivalent and Hubs post-processing capacity of 85,000 to 105,000 tonnes of black mass, Li-Cycle is on the path to become the leader in lithium-ion battery resource recovery and a top global and sustainable producer of lithium carbonate (up to 25,000 tonnes of lithium carbonate per year), and key battery materials (e.g., nickel and cobalt), particularly in North America and Europe.

Europe

Along with its joint development partner Glencore, the Company continued to make positive strides in the development of the Portovesme Hub with the DFS work progressing and on schedule to be completed by mid-2024. Leveraging our strategic partnership, the Portovesme site is a strong fit with Li-Cycle's proprietary process for metallurgical recovery of lithium and critical materials. With speed to market and lower capital intensity, we are developing an expedited flowsheet that requires fewer processing steps to produce lithium carbonate and a mixed hydroxide product (MHP) containing nickel and cobalt.

Subject to a final investment decision, the project would proceed to construction, with commissioning expected to commence in late 2026 to early 2027. Once operational, the Portovesme Hub would have an annual processing capacity of up to 70,000 tonnes per year of black mass, producing approximately 15,000 to 16,500 tonnes of lithium carbonate, as well as up to approximately 18,000 tonnes of nickel, and 2,250 tonnes of cobalt contained in MHP.

On August 1, 2023, Li-Cycle announced the start of operation of line one of its Germany Spoke, with an annual LIB capacity of 10,000 tonnes. The facility, which is the Company's first in Europe, utilizes Li-Cycle's patented and environmentally friendly 'Generation 3' Spoke technology to directly process all forms of LIBs, including full EV battery packs. The Germany Spoke will be the largest in the Company's portfolio when fully operational, with a total annual processing capacity of up to 30,000 tonnes of LIB, including two lines of 10,000 tonnes each, in addition to ancillary processing capacity. The Company expects to operationalize the second line in late 2023.

North America

The Rochester Hub achieved significant milestones and remains on schedule to start commissioning in late 2023. Detailed engineering and procurement are nearly complete. Construction activities are progressing on site, with major buildings nearing completion, steel and concrete installation progressing, alongside the start of mechanical and electrical equipment installation. The Company is focused on actively managing the construction labor as part of the Rochester Hub construction budget of \$560 million.

Li-Cycle successfully received and installed the largest piece of process equipment at the Rochester Hub, as can be viewed on this [link](#).

Balance Sheet Position

At June 30, 2023, Li-Cycle had cash on hand of \$288.8 million. During the quarter, the Company's capital spend was \$78.4 million, primarily driven by the procurement of equipment and construction materials and services 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. The Company progressed the loan documentation to final stages and is currently on track to execute and close in September 2023.

Financial Results for the Three Months Ended June 30, 2023

Revenues from product sales and recycling services before non-cash fair market value (FMV) adjustments were \$5.5 million, which increased from \$4.7 million in the same period of 2022. The increase in product revenue was primarily attributable to the higher sales volume, partially offset by a reduction in market prices of cobalt and nickel. Total revenues including FMV adjustments were \$3.6 million, compared with nil last year, and included an unfavorable non-cash FMV impact of \$1.9 million driven by a decline in cobalt and nickel prices versus an unfavorable FMV impact of \$4.7 million last year.

Operating expenses increased to \$46.1 million versus \$33.3 million in the same period of 2022, driven primarily by higher raw material and supply costs coupled with higher average material costs. In addition, other expenses were higher due to growth in personnel related to the expansion of the Company's global Spoke network and the construction of the Rochester Hub.

Net loss was \$35.3 million, compared to \$28.1 million in the same period of 2022, and included a fair value gain on financial instruments of \$7.3 million and \$7.7 million, respectively.

Adjusted EBITDA¹ loss was \$39.7 million, compared to a loss of \$30.6 million in the same period of 2022, attributed to higher expenses relating to expansion of the global network, which more than offset increased revenue. Additionally, non-cash share-based compensation decreased to \$3.7 million from \$4.5 million in the same period of 2022.

Webcast and Conference Call Information

Company management will host a webcast and conference call on Monday, August 14, 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 Relations section of the Li-Cycle website: <https://investors.li-cycle.com/overview/default.aspx>. Investors may listen to the conference call live via audio-only webcast or through the following dial-in numbers:

Domestic: (800) 579-2543

International: (203) 518-9814

Participant Code: LICYQ223

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.

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).



Li-Cycle (NYSE: LICY) is a leading global lithium-ion battery resource recovery company and North America's largest pure-play lithium-ion battery recycler, with a rapidly growing presence across Europe. Established in 2016, and with major customers and partners around the world, Li-Cycle is on a mission to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. The Company leverages its innovative, sustainable, and patent-protected Spoke & Hub Technologies™ to provide a safe, scalable, customer-centric solution to recycle all different types of lithium-ion batteries.

Our Spoke & Hub Technologies™ are based on a hydrometallurgical process that provides an environmentally friendly and cost-effective alternative to pyrometallurgical processing and traditional mining methods. At our Spokes, or pre-processing facilities, we recycle battery manufacturing scrap and end-of-life batteries to produce black mass, a powder-like substance which contains a number of valuable metals, including lithium, nickel, and cobalt. At our Hubs, or post-processing facilities, we will process black mass to produce critical battery-grade materials, including lithium carbonate, nickel sulphate, and cobalt sulphate. For more information, visit <https://li-cycle.com/>

Contacts

Investor Relations

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		Six months ended	
	June 30, 2023	2022	June 30, 2023	2022
Net loss	\$ (35.3)	\$ (28.1)	\$ (74.7)	\$ (38.2)
Income Tax	—	—	0.1	—
Depreciation	4.0	2.6	7.7	4.5
Interest expense	3.6	3.9	7.5	7.6
Interest income	(4.2)	(1.3)	(9.2)	(1.5)
EBITDA	(31.9)	(22.9)	(68.6)	(27.6)
Non-recurring costs	(0.5)	—	0.3	—
Fair value (gain) loss on financial instruments ¹	(7.3)	(7.7)	(6.6)	(22.6)
Adjusted EBITDA (loss)	\$ (39.7)	\$ (30.6)	\$ (74.9)	\$ (50.2)

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

Li-Cycle reports its financial results in accordance with the International Financial Reporting Standards (“IFRS”). The Company makes references to certain non-IFRS measures, including adjusted EBITDA. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of the Company’s results of operations from management’s perspective. Accordingly, it should not be considered in isolation nor as a substitute for the analysis of the Company’s financial information reported under IFRS. Adjusted EBITDA is defined as earnings before depreciation and amortization, interest expense (income), income tax expense (recovery) adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods. Adjustments relate to fair value (gains) losses on financial instruments and certain non-recurring expenses. Foreign exchange (gain) loss is excluded from the calculation of Adjusted EBITDA.

Cautionary Notes - Forward-Looking Statements and Unaudited Results

Certain statements contained in this press release may be considered “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, Section 21 of the U.S. Securities Exchange Act of 1934, as amended, and applicable Canadian securities laws. Forward-looking statements may generally be identified by the use of words such as “believe”, “may”, “will”, “continue”, “anticipate”, “intend”, “expect”, “should”, “would”, “could”, “plan”, “potential”, “future”, “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements contain such identifying words. Forward-looking statements in this press release include but are

not limited to statements about: the expectation that Li-Cycle's Spoke & Hub Network is on path to become a top global producer of key battery-grade materials and to produce up to 25,000 tonnes of lithium carbonate per year; the expectation that the Germany Spoke, Li-Cycle's first in Europe, will become the largest pre-processing facility in Li-Cycle's global Spoke network by the end of 2023; the expectation that the DFS with Glencore is on track for completion by mid-2024; the expectation that the Rochester Hub will commence commissioning in late 2023; the expectation that, when both the Rochester Hub and Portovesme Hub are in full operation, Li-Cycle will have total lithium carbonate production capacity of up to 25,000 tonnes per year, making Li-Cycle a top global and sustainable producer of lithium carbonate and key battery-grade materials; with projected Spoke pre-processing capacity of greater than 100,000 tonnes LIB equivalent and Hub post-processing capacity of 85,000 to 105,000 tonnes of black mass, the expectation that Li-Cycle is on the path to become the leader in lithium-ion battery resource recovery and a top global and sustainable producer of lithium carbonate (up to 25,000 tonnes per year) and key battery materials (e.g., nickel and cobalt), particularly in North America and Europe; the expectation that, subject to a final investment decision, the development of the Portovesme Hub would proceed to construction, with commissioning expected to commence in late 2026 to early 2027; the expectation that, once operational, the Portovesme Hub would have an annual processing capacity of up to 70,000 tonnes per year of black mass, producing approximately 15,000 to 16,500 tonnes of lithium carbonate, as well as up to approximately 18,000 tonnes of nickel, and 2,250 tonnes of cobalt contained in MHP; the expectation that the Germany Spoke, when fully operational, will have a total annual processing capacity of up to 30,000 tonnes of LIB, including two lines of 10,000 tonnes each, in addition to ancillary processing capacity; the expectation that the second line of the Germany Spoke will be operationalized in late 2023; the expectations regarding the Company's management of the construction labor as part of the Rochester Hub construction budget of \$560 million; and the expectation that the DOE loan documentation is on track to be executed and closed in September 2023. 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	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 288.8	\$ 517.9
Accounts receivable	0.9	4.3
Other receivables	5.0	10.0
Prepayment and deposits	103.5	95.2
Inventories	2.5	8.3
	400.7	635.7
Non-current assets		
Plant and equipment	392.4	210.4
Right-of-use assets	56.7	50.8
Other assets	9.1	4.2
	458.2	265.4
Total assets	\$ 858.9	\$ 901.1
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 77.9	\$ 75.9
Lease liabilities	5.5	5.6
	83.4	81.5
Non-current liabilities		
Lease liabilities	53.0	48.3
Deferred revenue	5.4	—
Convertible debt	284.2	272.9
Restoration provisions	2.7	0.4
	345.3	321.6
Total liabilities	428.7	403.1
Equity		
Share capital	776.8	772.4
Other reserves	21.2	18.7
Accumulated deficit	(367.5)	(293.0)
Accumulated other comprehensive loss	(0.3)	(0.3)
Equity attributable to the Shareholders of Li-Cycle Holdings Corp.	430.2	497.8
Non-controlling interest	—	0.2
Total equity	430.2	498.0
Total liabilities and equity	\$ 858.9	\$ 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 June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Revenue					
Product sales	\$	3.1	\$ (0.4)	6.2	7.3
Recycling services		0.5	0.4	1.0	0.7
		3.6	—	7.2	8.0
Expenses					
Employee salaries and benefits		16.0	12.0	30.8	22.3
Share-based compensation		3.7	4.5	6.9	11.5
Office, administrative and travel		6.6	4.2	11.1	7.3
Professional fees		4.6	4.4	7.6	7.6
Raw materials and supplies		5.7	2.7	14.4	3.8
Depreciation		4.0	2.6	7.7	4.5
Plant facilities		2.0	1.0	3.9	1.9
Marketing		0.8	0.8	1.5	1.4
Freight and shipping		0.9	0.9	1.7	1.2
Research and development		0.8	0.4	1.3	0.9
Change in finished goods inventory		1.6	(0.2)	0.7	—
Other		(0.6)	—	1.2	—
Operating expenses		46.1	33.3	88.8	62.4
Loss from operations		(42.5)	(33.3)	(81.6)	(54.4)
Other income (expense)					
Interest income		4.2	1.3	9.2	1.5
Interest expense and other costs		(4.3)	(3.8)	(8.8)	(7.9)
Gain on financial instruments		7.3	7.7	6.6	22.6
		7.2	5.2	7.0	16.2
Net loss before taxes		(35.3)	(28.1)	(74.6)	(38.2)
Income tax		—	—	0.1	—
Net loss	\$	(35.3)	(28.1)	(74.7)	(38.2)
Net loss attributable to					
Shareholders of Li-Cycle Holdings Corp.	\$	(35.2)	(28.1)	(74.6)	(38.2)
Non-controlling interest		(0.1)	—	(0.1)	—
Net loss and comprehensive loss	\$	(35.3)	(28.1)	(74.7)	(38.2)
Loss per common share - basic and diluted	\$	(0.20)	(0.17)	(0.42)	(0.23)

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

Unaudited \$ millions, for the		Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Operating activities					
Net loss	\$	(35.3)	\$ (28.1)	(74.7)	(38.2)
Items not affecting cash					
Share-based compensation		3.7	4.5	6.9	11.5
Depreciation		4.0	2.6	7.7	4.5
New right-of-use asset					
Foreign exchange (gain) loss on translation		0.2	(0.4)	0.4	(0.1)
Fair value (gain) loss on financial instruments		(7.3)	(7.7)	(6.6)	(22.6)
Interest expense		3.7	3.9	7.7	7.7
Interest paid		(0.8)	(0.4)	(1.8)	(0.9)
Interest received		4.6	1.3	9.9	1.5
Interest income		(4.2)	(1.3)	(9.2)	(1.5)
		(31.4)	(25.6)	(59.7)	(38.1)
Changes in non-cash working capital items					
Accounts receivable		2.8	5.3	3.4	(0.6)
Other receivables		0.2	(2.2)	4.3	(2.3)
Prepayments and deposits		(8.8)	(7.5)	(12.1)	(15.3)
Inventory		2.6	(1.9)	5.8	(3.9)
Accounts payable and accrued liabilities		(10.7)	7.8	(7.7)	17.3
Deferred Revenue		5.4	—	5.4	—
Net cash used in operating activities		(39.9)	(24.1)	(60.6)	(42.9)
Investing activities					
Purchases of plant and equipment		(57.0)	(36.1)	(163.6)	(53.6)
Prepaid equipment deposits		(21.4)	(28.3)	(1.1)	(27.2)
Net cash used in investing activities		(78.4)	(64.4)	(164.7)	(80.8)
Financing activities					
Proceeds from private share issuance, net of share issuance costs		—	49.7	—	49.7
Proceeds from convertible debt		—	198.7	—	198.7
Capital contribution from the holders of non-controlling interest		—	0.3	—	0.3
Purchase of non-controlling interest		(0.4)	—	(0.4)	—
Repayment of lease principal		(1.7)	(1.3)	(3.4)	(2.4)
Net cash (used in) from financing activities		(2.1)	247.4	(3.8)	246.3
Net change in cash and cash equivalents		(120.4)	158.9	(229.1)	122.6
Cash and cash equivalents, beginning of the period		409.2	527.4	517.9	563.7
Cash and cash equivalents, end of the period	\$	288.8	\$ 686.3	288.8	686.3

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

Three and six months ended June 30, 2023 and 2022
(Unaudited)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	Page
Condensed consolidated interim statements of loss and comprehensive loss	2
Condensed consolidated interim statements of financial position	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 - Right-of-use assets	11
Note 10 - Other assets	11
Note 11 - Related party transactions	11
Note 12 - Accounts payable and accrued liabilities	12
Note 13 - Lease liabilities	12
Note 14 - Deferred revenue	13
Note 15 - Convertible debt	13
Note 16 - Restoration provision	16
Note 17 - Warrants	16
Note 18 - Share capital and share-based compensation	17
Note 19 - Non-Controlling Interest	19
Note 20 - Financial instruments and financial risk factors	20
Note 21 - Commitments and contingencies	21
Note 22 - Loss per share	22
Note 23 - Segment reporting	22

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 June 30,		Six months ended June 30,	
	Notes	2023	2022	2023	2022
Revenue					
Product sales	3	\$ 3.1	\$ (0.4)	\$ 6.2	7.3
Recycling services	3	0.5	0.4	1.0	0.7
		3.6	—	7.2	8.0
Expenses					
Employee salaries and benefits		16.0	12.0	30.8	22.3
Share-based compensation		3.7	4.5	6.9	11.5
Office, administrative and travel		6.6	4.2	11.1	7.3
Professional fees		4.6	4.4	7.6	7.6
Raw materials and supplies		5.7	2.7	14.4	3.8
Depreciation	8, 9	4.0	2.6	7.7	4.5
Plant facilities		2.0	1.0	3.9	1.9
Marketing		0.8	0.8	1.5	1.4
Freight and shipping		0.9	0.9	1.7	1.2
Research and development		0.8	0.4	1.3	0.9
Change in finished goods inventory		1.6	(0.2)	0.7	—
Other		(0.6)	—	1.2	—
Operating expenses		46.1	33.3	88.8	62.4
Loss from operations		(42.5)	(33.3)	(81.6)	(54.4)
Other income (expense)					
Interest income	4	4.2	1.3	9.2	1.5
Interest expense and other costs	4	(4.3)	(3.8)	(8.8)	(7.9)
Gain on financial instruments	4	7.3	7.7	6.6	22.6
		7.2	5.2	7.0	16.2
Net loss before taxes		(35.3)	(28.1)	(74.6)	(38.2)
Income tax		—	—	0.1	—
Net loss		\$ (35.3)	\$ (28.1)	\$ (74.7)	(38.2)
Net loss attributable to					
Shareholders of Li-Cycle Holdings Corp.		\$ (35.2)	\$ (28.1)	\$ (74.6)	(38.2)
Non-controlling interest		(0.1)	—	(0.1)	—
Net loss and comprehensive loss		\$ (35.3)	\$ (28.1)	\$ (74.7)	(38.2)
Loss per common share - basic and diluted	22	\$ (0.20)	\$ (0.17)	\$ (0.42)	(0.23)

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	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 288.8	\$ 517.9
Accounts receivable	5	0.9	4.3
Other receivables	5	5.0	10.0
Prepayment and deposits	6	103.5	95.2
Inventories	7	2.5	8.3
		400.7	635.7
Non-current assets			
Plant and equipment	8	392.4	210.4
Right-of-use assets	9	56.7	50.8
Other assets	10	9.1	4.2
		458.2	265.4
Total assets		\$ 858.9	\$ 901.1
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 77.9	\$ 75.9
Lease liabilities	13	5.5	5.6
		83.4	81.5
Non-current liabilities			
Lease liabilities	13	53.0	48.3
Deferred revenue	14	5.4	—
Convertible debt	15	284.2	272.9
Restoration provisions	16	2.7	0.4
		345.3	321.6
Total liabilities		428.7	403.1
Equity			
Share capital	18	776.8	772.4
Other reserves		21.2	18.7
Accumulated deficit		(367.5)	(293.0)
Accumulated other comprehensive loss		(0.3)	(0.3)
Equity attributable to the Shareholders of Li-Cycle Holdings Corp.		430.2	497.8
Non-controlling interest	19	—	0.2
Total equity		430.2	498.0
Total liabilities and equity		\$ 858.9	\$ 901.1

Commitments and contingencies (Note 21)

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
Exercise of warrants		5.7	46.0	—	—	—	46.0	—	46.0
Shares issued for cash		5.3	49.7	—	—	—	49.7	—	49.7
Exercise of stock options		1.1	0.2	(0.2)	—	—	—	—	—
Stock option expense		—	—	4.6	—	—	4.6	—	4.6
Settlement of RSUs		—	0.5	(0.5)	—	—	—	—	—
RSUs expense		—	—	6.9	—	—	6.9	—	6.9
Non-controlling interest in subsidiary		—	—	—	—	—	—	0.3	0.3
Comprehensive loss		—	—	—	(38.2)	—	(38.2)	—	(38.2)
Balance, June 30, 2022		175.3 \$	768.5 \$	15.0 \$	(257.2) \$	(0.3) \$	526.0 \$	0.3	526.3
Balance, December 31, 2022		176.1 \$	772.4 \$	18.7 \$	(293.0) \$	(0.3) \$	497.8 \$	0.2	498.0
Exercise of stock options	18	1.2	0.6	(0.6)	—	—	—	—	—
Stock option expense	18	—	—	1.8	—	—	1.8	—	1.8
Settlement of RSUs	18	0.5	4.2	(4.2)	—	—	—	—	—
RSUs expense	18	—	—	5.5	—	—	5.5	—	5.5
Unwinding of Non-controlling interest	19	—	(0.4)	—	—	—	(0.4)	(0.2)	(0.6)
Comprehensive loss		—	—	—	(74.5)	—	(74.5)	—	(74.5)
Balance, June 30, 2023		177.8 \$	776.8 \$	21.2 \$	(367.5) \$	(0.3) \$	430.2 \$	—	430.2

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 June 30,		Six months ended June 30,	
	Notes	2023	2022	2023	2022
Operating activities					
Net loss		\$ (35.3)	\$ (28.1)	\$ (74.7)	(38.2)
Items not affecting cash					
Share-based compensation	18	3.7	4.5	6.9	11.5
Depreciation	8, 9	4.0	2.6	7.7	4.5
Foreign exchange (gain) loss on translation		0.2	(0.4)	0.4	(0.1)
Fair value (gain) loss on financial instruments	15	(7.3)	(7.7)	(6.6)	(22.6)
Interest expense	4	3.7	3.9	7.7	7.7
Interest paid		(0.8)	(0.4)	(1.8)	(0.9)
Interest received		4.6	1.3	9.9	1.5
Interest income	4	(4.2)	(1.3)	(9.2)	(1.5)
		(31.4)	(25.6)	(59.7)	(38.1)
Changes in non-cash working capital items					
Accounts receivable	5	2.8	5.3	3.4	(0.6)
Other receivables		0.2	(2.2)	4.3	(2.3)
Prepayments and deposits	6, 10	(8.8)	(7.5)	(12.1)	(15.3)
Inventories	7	2.6	(1.9)	5.8	(3.9)
Accounts payable and accrued liabilities	8, 12	(10.7)	7.8	(7.7)	17.3
Deferred Revenue	14	5.4	—	5.4	—
Net cash used in operating activities		(39.9)	(24.1)	(60.6)	(42.9)
Investing activities					
Purchases of plant and equipment	8	(57.0)	(36.1)	(163.6)	(53.6)
Prepaid equipment deposits	6	(21.4)	(28.3)	(1.1)	(27.2)
Net cash used in investing activities		(78.4)	(64.4)	(164.7)	(80.8)
Financing activities					
Proceeds from private share issuance, net of share issuance costs	18	—	49.7	—	49.7
Proceeds from convertible debt	15	—	198.7	—	198.7
Capital contribution from the holders of non-controlling interest	18	—	0.3	—	0.3
Purchase of non-controlling interest	19	(0.4)	—	(0.4)	—
Repayment of lease principal	13	(1.7)	(1.3)	(3.4)	(2.4)
Net cash (used in) from financing activities		(2.1)	247.4	(3.8)	246.3
Net change in cash and cash equivalents		(120.4)	158.9	(229.1)	122.6
Cash and cash equivalents, beginning of the period		409.2	527.4	517.9	563.7
Cash and cash equivalents, end of the period		\$ 288.8	\$ 686.3	\$ 288.8	\$ 686.3

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

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

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

2. Basis of preparation

2.1 Statement of compliance

On December 21, 2022, the Company announced a change in its financial year end from October 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 August 14, 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

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

affect those returns through its power over the investee. The subsidiaries are included in the interim financial statements of the Company from the effective date of incorporation up to the effective date of disposition or loss of control. In assessing control, potential voting rights that are presently exercisable or convertible is taken into account. The accounting policies of subsidiaries are aligned with policies adopted by the Company.

The Company's principal subsidiaries and their geographic location as at June 30, 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	100%

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

2.4 Presentation currency

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

2.5 Foreign currencies

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

2.6 Recently adopted IFRS Standards

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

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

- Amendments to IFRS 3, Business Combinations - Reference to the Conceptual Framework. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The amendment specifies costs an entity should include in determining the "cost of fulfilling" a potential onerous contract. The amendment is effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors replace the definition of a change in accounting estimates with a definition of accounting estimates. The amendment is effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments changes the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments to IAS 1 and IFRS

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

- practice statements 2 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively.
- Amendments to IFRS 17, Insurance Contracts, a replacement of IFRS 4, Insurance Contracts, that aims to provide consistency in the application of accounting for insurance contracts. The amendment is effective for annual period beginning on or after January 1, 2023.
 - 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
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 5.0	\$ 4.3	\$ 12.2	\$ 7.6
Fair value pricing adjustments	(1.9)	(4.7)	(6.0)	(0.3)
Product sales	3.1	(0.4)	6.2	7.3
Recycling services	0.5	0.4	1.0	0.7
Revenue	\$ 3.6	\$ —	\$ 7.2	\$ 8.0

For the	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 5.0	\$ 4.3	\$ 12.2	\$ 7.6
Recycling services	0.5	0.4	1.0	0.7
Total revenue before FV pricing adjustment	\$ 5.5	\$ 4.7	\$ 13.2	\$ 8.3

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 20 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest income on short-term investments	\$ 4.2	\$ 1.3	\$ 9.2	\$ 1.5
Interest income	4.2	1.3	9.2	1.5
Interest expense and accretion on convertible debt (net of capitalized interest)	(2.7)	(3.3)	(5.7)	(6.7)
Interest expense on leases	(0.9)	(0.5)	(1.8)	(0.9)
Other finance costs	(0.1)	(0.1)	(0.2)	(0.1)
Foreign exchange losses	(0.6)	0.1	(1.1)	(0.2)
Interest expense and other costs	(4.3)	(3.8)	(8.8)	(7.9)
Fair value gain (loss) on embedded derivatives (Note 15)	7.3	7.7	6.6	11.5
Fair value gain on warrants (Note 17)	—	—	—	11.1
Gains (losses) on financial instruments	7.3	7.7	6.6	22.6
Total	\$ 7.2	\$ 5.2	\$ 7.0	\$ 16.2

5. Accounts receivable

As at	June 30, 2023		December 31, 2022
Trade receivables	\$	0.9	\$ 4.3
Total accounts receivable		0.9	4.3
Non-trade receivables	\$	—	\$ 3.5
Sales taxes receivable		3.2	4.1
Other		1.8	2.4
Total other receivables	\$	5.0	\$ 10.0

For product revenue, the Company estimates the amount of consideration to which it expects to be entitled under provisional pricing arrangements, which is based on the initial assay results and market prices of certain constituent metals on the date control is transferred to the customer. For the three and six months ended June 30, 2023, the fair value loss arising from changes in estimates was \$1.9 million and \$6.0 million, respectively (three and six months ended June 30, 2022: fair value losses of \$4.7 million and \$0.3 million, respectively), 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 receivables based on its past experience, the credit ratings of its existing customer and economic trends. For the three and six months ended June 30, 2023, the Company recorded a recovery of credit loss of \$0.1 million and a credit loss allowance of \$0.9 million, respectively, included in the Other line on the statement of loss and comprehensive loss (three and six months ended June 30, 2022: \$nil and \$nil). The movements in the three and six months ended June 30, 2023 relates to a dispute with a new customer, with whom the Company has terminated its business relationship. The Company has assessed its receivables and concluded that this does not cast doubt on the collectability of trade receivables due from other customers.

Other receivables relate to interest receivable.

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		June 30, 2023	December 31, 2022
Prepaid lease deposits	\$	0.7	\$ 0.5
Prepaid transaction costs		2.9	0.6
Prepaid construction charges		3.6	1.4
Prepaid equipment deposits		87.2	86.1
Prepaid insurance		6.3	4.2
Other prepaids		2.8	2.4
Prepays and deposits	\$	103.5	\$ 95.2

Other prepaids consist principally of other deposits and prepaid subscriptions.

7. Inventories

As at		June 30, 2023	December 31, 2022
Raw materials	\$	0.1	\$ 5.8
Finished goods		1.8	1.8
Parts and tools		0.6	0.7
Total inventories	\$	2.5	\$ 8.3

The cost of inventories recognized as an expense during the three and six months ended June 30, 2023 was \$9.8 million and \$20.8 million, respectively (three and six months ended June 30, 2022: \$5.5 million and \$8.7 million, respectively).

The inventory balances for raw materials and finished goods are adjusted to the lower of cost or net realizable value. For the three and six months ended June 30, 2023, the reversal of prior period write down for raw materials inventory included in the Raw materials and supplies line was \$1.7 million and \$1.9 million, respectively (three and six months ended June 30, 2022: write down of \$0.4 million and a write down reversal of \$0.2 million, respectively). For the three and six months ended June 30, 2023, partial reversal of prior period write down included in the adjustment for finished goods inventory was \$0.6 million and \$1.6 million, respectively (three and six months ended June 30, 2022: \$nil and \$nil). Refer to Note 20 for additional details on commodity prices.

8. Plant and equipment

For the six months ended June 30,						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	185.1	—	0.6	—	0.2	185.9
Transfers	(3.1)	3.1	—	—	—	—
Balance, end of the period	349.1	41.3	2.7	0.3	10.1	403.5
Accumulated depreciation						
Balance, beginning of the period	—	(5.3)	(0.3)	(0.1)	(1.5)	(7.2)
Depreciation	—	(2.8)	(0.5)	—	(0.6)	(3.9)
Balance, end of the period	—	(8.1)	(0.8)	(0.1)	(2.1)	(11.1)
Net book value	\$ 349.1	\$ 33.2	\$ 1.9	\$ 0.2	\$ 8.0	392.4

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 and six months ended June 30, 2023, \$2.3 million and \$4.3 million, respectively in employee salaries (three and six months ended June 30, 2022: \$nil and \$nil) and \$0.2 million and \$0.4 million, respectively in share-based compensation costs (three and six months ended June 30, 2022: \$nil and \$nil) were capitalized to assets under construction.

For the three and six months ended June 30, 2023, borrowing costs of \$6.5 million and \$12.2 million, respectively were capitalized to assets under construction (three and six months ended June 30, 2022: \$nil and \$nil). 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 12.5%.

As of June 30, 2023, \$58.2 million of the accounts payable balance is made up of non-cash additions to plant and equipment (December 31, 2022: \$48.5 million).

Refer to Note 21 for details of contractual commitments to purchase fixed assets.

9. Right-of-use assets

For the six months ended June 30,			2023	
	Premises	Equipment	Total	
Cost				
Balance, beginning of the year	\$ 58.5	\$ 0.7	\$ 59.2	
Additions	9.6	0.1	9.7	
Termination/derecognition	(0.7)	—	(0.7)	
Balance, end of the year	67.4	0.8	68.2	
Accumulated depreciation				
Balance, beginning of the year	(8.3)	(0.1)	(8.4)	
Termination/derecognition	0.7	—	0.7	
Depreciation	(3.7)	(0.1)	(3.8)	
Balance, end of the year	(11.3)	(0.2)	(11.5)	
Carrying amounts	\$ 56.1	\$ 0.6	\$ 56.7	

The weighted average lease term of the Company's premises and equipment leases is 3.42 years.

10. Other assets

As at	June 30, 2023	December 31, 2022
Prepaid lease deposits	\$ 4.8	\$ 2.4
Prepaid insurance	1.2	1.8
Restoration deposit	3.1	—
Total other assets	\$ 9.1	\$ 4.2

11. Related party transactions

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

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

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

For the	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Salaries	\$ 0.9	\$ 1.0	\$ 1.8	1.8
Share-based compensation	2.4	3.2	4.6	8.7
Fees and benefits	1.1	1.0	2.0	1.9
Post employment benefits	—	—	0.1	—
Total remuneration of key management personnel	\$ 4.4	\$ 5.2	\$ 8.5	12.4

Total amounts paid to directors in respect of director services in the three months and six months ended June 30, 2023 was \$0.1 million and \$0.2 million, respectively (three and six months ended June 30, 2022: \$0.1 million and \$0.2 million, respectively).

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

As at	June 30, 2023	December 31, 2022
Accounts payable and accrued liabilities	\$ 1.7	\$ 2.8
Outstanding balances	1.7	2.8

Related party expenses are recorded at exchange amounts. For the three months and six months ended June 30, 2023, total transactions with related parties are \$0.1 million and \$0.1 million, respectively (three and six months ended June 30, 2022: \$0.1 million and \$0.2 million, respectively).

12. Accounts payable and accrued liabilities

As at	June 30, 2023	December 31, 2022
Trade payables	\$ 21.0	\$ 26.5
Accrued fixed assets	37.7	35.4
Accrued expenses	9.3	4.4
Accrued compensation	9.9	9.6
Total accounts payable and accrued liabilities	\$ 77.9	\$ 75.9

13. Lease Liabilities

For the six months ended June 30, 2023	Premise	Equipment	Total
Balance, beginning of the period	\$ 53.3	\$ 0.6	\$ 53.9
Additions	7.3	0.3	7.6
Lease repayments	(3.3)	(0.1)	(3.4)
Foreign exchange gains (losses)	0.4	—	0.4
Balance, end of the period	\$ 57.7	\$ 0.8	\$ 58.5
Non-current portion of lease liabilities	\$ (52.4)	\$ (0.6)	\$ (53.0)
Current Lease Liabilities	\$ 5.3	\$ 0.2	\$ 5.5

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

In the three and six months ended June 30, 2023, the Company recognized interest expense of \$0.9 million and \$1.8 million, respectively, related to lease liabilities (three and six months ended June 30, 2022: \$0.5 million and \$0.9 million, respectively).

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

As at June 30, 2023	Maturity analysis (undiscounted)						Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	
Premises	\$ 8.2	\$ 8.2	\$ 7.8	\$ 7.6	\$ 6.9	\$ 41.2	79.9
Equipment	0.6	0.6	0.5	0.2	0.1	—	2.0
Total	\$ 8.8	\$ 8.8	\$ 8.3	\$ 7.8	\$ 7.0	\$ 41.2	81.9

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

14. Deferred revenue

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

As at	June 30, 2023	December 31, 2022
Balance, beginning of the period	\$ —	—
Additions	5.4	—
Balance, end of the period	\$ 5.4	—

15. Convertible Debt

As at	June 30, 2023	December 31, 2022
KSP Convertible Notes (a)	\$ 97.4	91.5
Glencore Convertible Notes (b)	186.8	181.4
Total convertible debt at end of the period	\$ 284.2	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		June 30, 2023	December 31, 2022
Principal of convertible notes at beginning of the period	\$	110.2	\$ 101.8
Issuance of convertible notes		4.4	8.4
Principal of convertible notes at end of the period		114.6	110.2
Conversion feature at beginning of the period		6.0	19.9
Fair value loss (gain) on embedded derivative		(0.7)	(13.9)
Conversion feature at end of the period		5.3	6.0
Debt component at beginning of the period		85.5	74.2
Debt component issued		4.4	8.4
Accrued interest paid in kind		(4.4)	(8.4)
Accrued interest expense and accretion		6.6	11.3
Debt component at end of the period		92.1	85.5
Total convertible debt at end of the period	\$	97.4	\$ 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 were based on an interest rate of LIBOR plus 6.0% per year, with a LIBOR floor of 1% and a cap of 2%. Starting July 1, 2023, as the LIBOR interest rate is no longer published, the interest rate will instead be based on the sum of the Secured Overnight Financing Rate ("SOFR") and 0.58% (being average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceased to be published). The PIK election results in the issuance of a new note under the same terms as the KSP Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. On May 1, 2022, Spring Creek Capital, LLC assigned the KSP Convertible Note and the PIK note outstanding at that time to an affiliate, Wood River Capital, LLC. The Company has elected to pay interest by PIK since the first interest payment date of December 31, 2021. The KSP Convertible Note and the PIK notes issued thereunder are referred to collectively as the "KSP Convertible Notes", and as at June 30, 2023, comprised the following:

Note	Date Issued		Amount Issued
KSP Convertible Note	September 29, 2021	\$	100.0
PIK Note	December 31, 2021		1.8
PIK Note	June 30, 2022		4.1
PIK Note	December 31, 2022		4.3
PIK Note	June 30, 2023		4.4
Total		\$	114.6

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 June 30, 2023, no conversions had taken place.

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

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

transaction costs of \$1.6 million, was allocated to the principal portion of the debt. During the three and six months ended June 30, 2023, the Company recognized a fair value gain of \$0.9 million and \$0.7 million on the embedded derivatives, respectively. The embedded derivatives were valued using the Binomial Option Pricing Model. The assumptions used in the model were as follows:

	(Issuance date) September 29, 2021	December 31, 2022	June 30, 2023
Risk free interest rate	1.1%	4.2%	4.6%
Expected life of options	5 years	3.8 years	3.3 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	66%	63%	49%
Share Price	\$12.56	\$4.76	\$5.55

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

(b) Glencore Convertible Notes

As at	June 30, 2023	December 31, 2022
Principal of convertible notes at beginning of the period	\$ 208.1	\$ —
Issuance of convertible notes	8.4	208.1
Principal of convertible notes at end of the period	216.5	208.1
Conversion feature at beginning of the period	16.5	—
Conversion feature issued	—	46.2
Fair value loss (gain) on embedded derivative	(5.9)	(29.7)
Conversion feature at end of the period	10.6	16.5
Debt component at beginning of the period	164.9	—
Debt component issued	8.4	162.0
Transaction costs	—	(1.3)
Accrued interest paid in kind	(8.4)	(8.1)
Accrued interest expense and accretion	11.3	12.3
Debt component at end of the period	176.2	164.9
Total convertible debt at end of the period	\$ 186.8	\$ 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 June 30, 2023, no conversions had taken place.

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

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

amount of liability for a fixed number of shares. The Glencore Convertible Note has a conversion price of approximately \$9.95 per Li-Cycle common share, subject to customary anti-dilution adjustments. The Company has elected to pay interest by PIK since the first interest payment on November 30, 2022. The Glencore Convertible Note and the PIK notes issued thereunder are referred to collectively as the "Glencore Convertible Notes", and as at 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
PIK Note	May 31, 2023	8.4
Total		\$ 216.5

The fair value of the embedded derivative liability upon issuance of the Glencore Convertible Note was determined to be \$46.2 million with the remaining \$153.8 million, net of transaction costs of \$1.3 million, allocated to the initial amortized cost of the host debt instrument. During the three and six months ended June 30, 2023, the Company recognized a fair value gain of \$6.4 million and \$5.9 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	June 30, 2023
Risk free interest rate	2.9%	4.2%	4.4%
Expected life of options	5 years	4.4 years	3.9 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	68%	63%	48%
Share Price	\$8.15	\$4.76	\$5.55

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

16. Restoration Provision

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

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

As at	June 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 0.4	\$ 0.3
Additions	2.3	0.1
Balance, end of the period	\$ 2.7	\$ 0.4

The present value of the restoration provision of \$2.7 million (2022: \$0.4 million) was calculated using an average risk-free rate of 1.55%.

17. 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.

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

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.

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

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

18. Share capital and share-based compensation

Authorized share capital

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

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

For the	Six months ended June 30, 2023		Year ended December 31, 2022	
	Number of shares (in millions)	Capital Stock	Number of shares (in millions)	Capital Stock
Balance, beginning of the period	176.1	\$ 772.4	163.2	\$ 672.1
Exercise of RSUs	0.5	4.2	0.3	4.1
Exercise of stock options	1.2	0.6	1.6	0.5
Exercise of warrants (Note 17)	—	—	5.7	46.0
Issuance of shares to LG Energy Solution, Ltd. and LG Chem, Ltd.	—	—	5.3	49.7
Unwinding of Non-controlling interest	—	(0.4)	—	—
Balance, end of the period	177.8	\$ 776.8	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

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

was split into two tranches: (i) an initial tranche of 4,416,960 common shares, in the aggregate, at a price of \$10.00 per share (for an aggregate initial tranche subscription price of approximately \$44.2 million), and (ii) a second tranche of 883,392 common shares, in the aggregate, at a price of \$6.60 per share (for an aggregate second tranche subscription price of approximately \$5.8 million). The total cash inflow, net of transaction costs, was \$49.7 million.

Long-term incentive plans

Stock options

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

A summary of stock option activities is as follows:

	2023		2022	
For the six months ended June 30,				
\$ 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	1,088,500	5.76	687,993	7.61
Exercised	(1,475,618)	0.74	(1,186,547)	0.34
Forfeited	(124,133)	10.32	(2,619)	10.93
Balance, end of the period	3,857,481	6.20	4,827,106	4.17
Exercisable stock options	1,835,320	4.92	3,367,088	1.90

During the six months ended June 30, 2023, 1,475,618 stock options were exercised on a cashless basis (2022: 1,186,547), resulting in the issuance of 1,244,036 common shares (2022: 6,846,906) of the Company, net of stock option issuance costs.

A summary of the outstanding stock options is as follows:

	2023			
As of June 30,				
Plan	Range of exercise prices	Number of stock options	Weighted-average remaining contractual life (years)	Expiration year
Legacy Plans	\$ 0.37-2.15	1,078,057	5.90	April 2024- February 2031
LTIP Plans	4.94-13.20	2,779,424	8.83	August 2031 - May 2033
		3,857,481		

The Company recognized total expenses of \$1.1 million and \$1.8 million related to stock options during the three and six months ended June 30, 2023, respectively (three and six months ended June 30, 2022: \$1.3 million and \$4.6 million, respectively).

The fair value of the stock options granted during the three and six months ended June 30, 2023 was determined to be \$nil and \$3.6 million, respectively (three and six months ended June 30, 2022: \$nil and \$3.3 million, respectively), using the Black-Scholes Merton option pricing model. The assumptions used in the stock option pricing model for the grants during the six months ended June 30, 2023 were as follows:

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

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

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 \$2.8 million and \$5.5 million in the three and six months ended June 30, 2023, respectively (three and six months ended June 30, 2022: \$3.2 million and \$6.9 million, respectively).

A summary of RSU activities is as follows:

For the six months ended June 30,	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	2,261,496	5.63	1,377,985	7.70
Exercised	(544,000)	7.67	(40,404)	13.20
Forfeited	(206,821)	7.92	(24,613)	9.15
Balance, end of the period	3,511,355	6.92	2,251,720	9.16

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

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

19. Non-controlling interest

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

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

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

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

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

20. Financial instruments and financial risk factors

Fair values

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

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

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

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

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

As at		June 30, 2023	December 31, 2022
Conversion feature of convertible debt (refer to Note 15)	\$	15.9 \$	22.5
Accounts receivable	\$	0.9 \$	4.3

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

Currency risk

The Company is exposed to currency risk as its cash is mainly denominated in U.S. dollars, while its operations also require Canadian dollars and other currencies in addition to U.S. dollars. As at June 30, 2023, the impact of a 5% change in these respective currencies versus the U.S. dollar, would result in an immaterial impact.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk, as it has variable interest rate debt that includes an interest rate floor and cap. Refer to Note 15.

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:

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

Undiscounted, at June 30,						2023
		Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$	77.9	\$ 77.9	\$ —	\$ —	—
Lease liabilities		81.9	8.8	17.1	14.8	41.2
Restoration		3.1	—	0.1	—	3.0
Convertible debt principal		331.1	—	—	331.1	—
Convertible debt interest		115.0	—	—	115.0	—
Total	\$	609.0	\$ 86.7	\$ 17.2	\$ 460.9	44.2

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 June 30, 2023 and December 31, 2022, in relation to the impact of movements in the cobalt and nickel price for the provisionally invoiced sales volume of Black Mass & Equivalents by metric tonne:

As at	Cobalt		Nickel	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
BM&E Metric tonnes subject to fair value pricing adjustments	4,977	4,428	4,977	4,428
10% increase in prices	\$ 0.5	0.8	\$ 0.9	1.4
10% decrease in prices	\$ (0.5)	(0.8)	\$ (0.9)	(1.4)

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

As at	Market price per tonne	
	June 30, 2023	December 31, 2022
Cobalt	\$ 31,416	41,337
Nickel	20,075	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 June 30, 2023.

21. Commitments and contingencies

As of June 30, 2023, there were \$11.8 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

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

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.

22. Loss per share

For the three and six months ended June 30,		2023	2022	2023	2022
					In millions
Total net loss	\$	(35.2) \$	(28.1) \$	(74.6) \$	(38.2)
Weighted average number of common shares		177.2	168.6	176.7	168.4
Basic and diluted loss per common share	\$	(0.20) \$	(0.17) \$	(0.42) \$	(0.23)

23. Segment reporting

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

During the three and six months ended June 30, 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:

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

		Canada	United States	Germany	Other	Total
Revenues						
Three months ended June 30, 2023	\$	1.4	\$ 2.2	\$ —	\$ —	3.6
Three months ended June 30, 2022		0.6	(0.6)	—	—	—
Six months ended June 30, 2023	\$	0.9	\$ 6.3	\$ —	\$ —	7.2
Six months ended June 30, 2022		2.8	5.2	—	—	8.0
Non-current assets						
As at June 30, 2023	\$	54.7	\$ 363.6	\$ 28.8	\$ 11.1	458.2
As of December 31, 2022		38.1	213.0	11.6	2.7	265.4

Revenue is attributed to each geographical location based on location of sale.
The Company does not currently have active operations in any other geographical regions.

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

Three and six months ended June 30, 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	13
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	17
Disclosure Controls and Procedures	18
Internal Control Over Financial Reporting	19
Non-IFRS Measures	21
Status of U.S. Domestic Issuer	21
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 August 14, 2023 and provides information which the management of Li-Cycle believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of Li-Cycle for the three and six months ended June 30, 2023 and 2022. In addition to historical financial information, this MD&A contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. For more information about forward-looking statements, refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements”. Actual results and timing of selected events may differ materially from those anticipated by these forward-looking statements as a result of various factors, including those set forth under the section entitled “Key Factors Affecting Li-Cycle’s Performance” and under “Item 3. Key Information—D. Risk Factors” included in the Annual Report.

Li-Cycle has changed its financial year-end from October 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 (NYSE: LICY) is a leading global lithium-ion battery (“**LIB**”) resource recovery company and North America’s largest pure-play lithium-ion battery recycler, with a rapidly growing presence across Europe. Established in 2016, and with major customers and partners around the world, Li-Cycle is on a mission to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. When Li-Cycle refers to itself as the largest pure-play 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, or pre-processing facilities, to process battery manufacturing scrap and end-of-life batteries to produce “black mass”, a powder-like substance which contains a number of valuable metals, and other intermediate products, and (b) at its Hubs, or post-processing facilities, to process black mass to produce battery grade materials, including lithium carbonate, nickel sulphate, and cobalt sulphate. Li-Cycle has a market-leading position in North America through its four operational Spokes, which are located 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 also developing new Spokes in Europe, including in Magdeburg, Germany (the “**Germany Spoke**”), which commenced operations in August, in Moss, Norway (the “**Norway Spoke**”), which is expected to commence logistics operations in 2023, and in Harnes, France (the “**France Spoke**”), which is expected to commence operations in 2024. At its

Spokes, 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**”). 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.

Advancement on 2023 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 the DOE loan in September 2023. 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 \$227.0 million as at June 30, 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 asset rollout plan* – The Company advanced the Germany Spoke through the construction phase to operations with the first main line having commenced processing battery materials in August and commissioning of the second main line expected to follow by the end 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 30,000 tonnes per year. Refer to the section entitled "Operational Updates" for additional details on the Company's Spoke network rollout plan. Additionally, the Company is undertaking a site selection process for a potential new Spoke location in Hungary, in view of expected customer demand in the region;

On May 9, 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 70,000 tonnes of BM&E annually, producing approximately 15,000 to 16,500 tonnes per annum of lithium carbonate, as well as up to approximately 18,000 tonnes per annum of nickel, and 2,250 tonnes per annum of cobalt contained in

mixed hydroxide product ("MHP"). Once fully operational, the Portovesme and Rochester Hubs are expected to have total annual lithium carbonate production capacity of up to 25,000 tonnes.

Business outlook for the year ending December 31, 2023

\$ millions, except production in tonnes	Actual Results	Business Outlook
	Six months ended June 30, 2023	Year ended December 31, 2023
<i>Production Volume</i>		
BM&E Production	3,572	7,500 – 8,500
<i>Growth capital for Hub & Spoke Networks¹</i>		
Rochester Hub	\$ 103.9	\$250-300
Spokes in development	8.3	35-45

Li-Cycle produced 1,719 tonnes and 3,572 tonnes of Black Mass & Equivalents in the three and six months ended June 30, 2023, respectively. 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 began operations at the first main line in August and is expected to start commissioning at the second main line by the end 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 the development of 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, further work on the Norway Spoke, and work on an expanded Spoke and warehouse facility to replace the existing Spoke in Kingston, Ontario (the "**New Ontario 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 improving 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 3.6	\$ —	\$ 7.2	\$ 8.0
Loss from operations	(42.5)	(33.3)	(81.6)	(54.4)
Net loss	(35.3)	(28.1)	(74.7)	(38.2)
Loss per common share - basic and diluted	(0.20)	(0.17)	(0.42)	(0.23)
As at	June 30, 2023		December 31, 2022	
Total assets	\$	858.9	\$	901.1
Total non-current financial liabilities		345.3		321.6

Financial Results

Unaudited \$ millions, except per share data	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
<i>Financial highlights</i>						
Revenues	\$ 3.6	\$ —	\$ 3.6	\$ 7.2	\$ 8.0	(0.8)
Operating expenses	46.1	33.3	12.8	88.8	62.4	26.4
Other income (expense)	7.2	5.2	2.0	7.0	16.2	(9.2)

¹ Capital spend outlook does not include capitalized labour.

Income taxes	—	—	—	0.1	—	0.1
Net loss	(35.3)	(28.1)	(7.2)	(74.7)	(38.2)	(36.5)
Net loss attributable to the Shareholders of Li-Cycle Holdings Corp.	(35.2)	(28.1)	(7.1)	(74.6)	(38.2)	(36.4)
Adjusted EBITDA ²	(39.7)	(30.6)	(9.1)	(74.9)	(50.2)	(24.7)
Loss per common share - basic and diluted	\$ (0.20)	(0.17)	(0.03)	\$ (0.42)	\$ (0.23)	(0.19)
Cash used by operating activities	(39.9)	(24.1)	(15.8)	(60.6)	(42.9)	(17.7)
As at	June 30, 2023		December 31, 2022		Change	
<i>Cash</i>						
Cash balance	\$	288.8	\$	517.9	\$	(229.1)

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Product revenue recognized in the period	\$ 5.0	\$ 4.3	\$ 12.2	\$ 7.6
Recycling service revenue recognized in the period	0.5	0.4	1.0	0.7
Revenue before FMV adjustments	5.5	4.7	13.2	8.3
Fair value pricing adjustments	(1.9)	(4.7)	(6.0)	(0.3)
Revenue	\$ 3.6	\$ —	\$ 7.2	\$ 8.0
Tonnes of BM&E sold	2,093	832	2,974	1,606

For the three and six months ended June 30, 2023, revenues were \$3.6 million and \$7.2 million, respectively, compared to nil and \$8.0 million, respectively, in the corresponding periods of 2022. Sales of Black Mass & Equivalents were 2,093 tonnes and 2,974 tonnes for the three and six months ended June 30, 2023, compared to 832 tonnes and 1,606 tonnes in the corresponding periods of 2022. Revenue from product sales and recycling services before FMV adjustments of \$5.5 million for the three months ended June 30, 2023 represented an increase of 17% when compared to the prior period, whereas revenue from product sales and recycling services before FMV adjustments of \$13.2 million for the six months ended June 30, 2023, represented an increase of 60% compared to the prior period. The increase of 17% for the three months ended June 30, 2023 was driven by higher product sales volume from the continued expansion of the Company's customer base and the expanding operations of the Company's Spoke facilities, partially offset by a significant reduction in market prices of cobalt and nickel. The 60% increase for the six months ended June 30, 2023 was primarily driven by the benefit of a higher product sales value mix of BM&E, partially offset by significant reductions in the market prices of cobalt and nickel. There were unfavorable FMV adjustments on product revenue of \$1.9 million and \$6.0 million, respectively, for the three and six months ended June 30, 2023, compared to unfavorable adjustments of \$4.7 million and \$0.3 million, respectively, in the corresponding periods of 2022, driven by decreasing cobalt and nickel prices in the period.

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

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.

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

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

As of June 30, 2023, 4,977 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					
	June 30, 2023	March 31, 2023	December 31, 2022	October 31, 2022	July 31, 2022
271+ days	2,450	1,154	1,195	1,816	1,559
181-270 days	743	583	925	1,178	678
91-180 days	668	925	1,406	678	530
1-90 days	1,116	1,697	902	530	445
Total metric tonnes	4,977	4,359	4,428	4,202	3,212

Operating expenses

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

For the three and six months ended June 30, 2023, operating expenses were \$46.1 million and \$88.8 million, respectively, \$12.8 million and \$26.4 million higher than in the corresponding periods of 2022. The main driver of the increase in costs in the current year periods was the increase in raw materials and supplies cost of \$3.0 million and \$10.6 million for the three and six months ended June 30, 2023, respectively, reflecting the increased volume of production in the periods as a result of additional processing capacity in the Spoke network coupled with higher average material costs, compared to the corresponding periods of 2022. Other increases related to office, administrative, and travel costs of \$2.4 million and \$3.8 million for the three and six months ended June 30, 2023, respectively, which were driven by additional insurance costs and coverage, increased information technology costs associated with the growth in headcount and global footprint, 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 of \$3.2 million and \$3.9 million for the three and six months ended June 30, 2023, respectively, 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 and six months ended June 30, 2023, other income was \$7.2 million and \$7.0 million, respectively. For the three months ended June 30, 2023 other income increased by \$2.0 million, whereas other income decreased by \$9.2 million for the six months ended June 30, 2023, compared to the corresponding periods of 2022. The main driver of the \$2.0 million increase for the three months ended June 30, 2023 relates to a \$2.9 million increase in interest income reflecting interest earned on short-term cash deposits, partially offset by a \$0.4 million decrease in fair value gains on financial instruments and an increase in foreign exchange losses as the Company continues to expand globally. The decrease of \$9.2 million for the six months ended June 30, 2023 is due to a fair value gain on the redemption of warrants in the comparative period of 2022 of \$11.1 million, compared to \$nil in the current period as all warrants were redeemed in 2022, partially offset by the increases mentioned previously in respect to the three months ended June 30, 2022.

Net loss and Adjusted EBITDA

Net loss was \$35.3 million and \$74.7 million in the three and six months ended June 30, 2023, respectively, compared to a net loss of \$28.1 million and \$38.2 million in the comparative periods in 2022. Net loss for the three and six months ended June 30, 2023 was driven by the factors discussed above. Adjusted EBITDA loss was \$39.7 million and \$74.9 million in the three and six months ended June 30, 2023, respectively, compared to \$30.6 million and \$50.2 million in the corresponding periods of 2022. The primary difference between Adjusted EBITDA and net loss for the period is the exclusion of unrealized fair value gains on financial instruments, as well as interest income, interest expense, depreciation, and certain one-time expenses. A reconciliation of Adjusted EBITDA loss to net loss is provided in the section “*Non-IFRS Measures*” below.

Cash and cash equivalents

Cash and cash equivalents were \$288.8 million as at June 30, 2023, compared to \$517.9 million as at December 31, 2022. The Company incurred capital expenditure of \$164.7 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 \$60.6 million. Refer to the section entitled “*Liquidity and Capital Resources*” for further details of the Company’s cash flows.

Cash flows used in operational activities

For the three and six months ended June 30, 2023, cash flows used by operating activities were approximately \$39.9 million and \$60.6 million, respectively, compared to cash flows used by operating activities of \$24.1 million and \$42.9 million in the comparative periods of 2022. The variances were primarily driven by the growth and expansion of Li-Cycle’s operations and commercial footprint, the ramp up of operations in the period.

Operational Updates

Unaudited \$ millions, except production data in tonnes	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
<i>Operational Highlights</i>						
Capital Expenditure	\$ 78.4	\$ 64.4	22%	\$ 164.7	\$ 80.8	104%
Production - Black Mass & Equivalents	1,719	812	112%	3,572	1,514	136%

Capital expenditure

Capital expenditures for the three and six months ended June 30, 2023 were \$78.4 million and \$164.7 million, respectively, compared to \$64.4 million and \$80.8 million in the corresponding periods of 2022. Capital expenditures for the three and six months ended June 30, 2023 were primarily driven by procurement of equipment and construction materials and services for the Rochester Hub of \$48.5 million and \$103.9 million, respectively. Capital spend for detailed engineering, equipment and installation and facility related expenditures for the Company’s Spokes for the three and six months ended June 30, 2023 were \$7.5 million and \$16.5 million,

respectively, and include expenditures for Spokes under development, including the Germany Spoke, as well as other sustaining and improvement capital expenditures for the existing Spoke network.

Included in the capital expenditures for the three and six months ended June 30, 2023 are \$2.3 million and \$4.3 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 (three and six months ended June 20, 2022: \$nil and \$nil).

Production – Black Mass & Equivalents

The Company produced 1,719 tonnes and 3,572 tonnes of Black Mass & Equivalents in the three and six months ended June 30, 2023, respectively, compared to 812 tonnes and 1,514 tonnes in the corresponding periods of 2022. The increase in production of BM&E was primarily attributable to the Company's expanding Spoke network, including the ramp up of the Arizona Spoke, the addition of the Alabama Spoke, and the addition of 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 directs Spoke capital by prioritizing the fastest growing electrification demand centers.

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 BM&E annually (equivalent to approximately 90,000 tonnes or 18 GWh of LIB equivalent feed annually). Based on the definitive feasibility study, the facility is expected to have an output capacity of battery grade materials of approximately 7,500 to 8,500 tonnes per annum of lithium carbonate, 9,400 to 10,700 tonnes per annum of nickel contained and 1,400 to 1,600 tonnes per annum of cobalt contained. Li-Cycle expects that the Rochester Hub will result in a workforce of approximately 270 employees.

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.

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.

The Rochester Hub has made significant progress to date on key engineering, procurement and construction milestones and is expected to initiate commissioning in stages starting in late 2023. Detailed engineering and procurement are nearly complete. Construction activities are processing on site, with major buildings nearing completion, steel and concrete installation progressing, alongside the start of mechanical and electrical equipment installation. The Company is focused on actively managing the construction labor as part of the Rochester Hub construction budget of \$560 million. Capital expenditures for the Rochester Hub were \$70.9 million during the three months ended June 30, 2023 with spend to date of \$227.0 million at June 30, 2023.

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. The Company is also continuing to add capacity to its Spoke network with new development and expansions, including the addition of its first European Spoke, as described below.

The table below outlines current installed 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
Germany Spoke (Line 1 only)	10,000	—	—	—	10,000
<i>Current installed capacity</i>	<i>40,000</i>	<i>10,000</i>	<i>6,000</i>	<i>5,000</i>	<i>61,000</i>
2023 Expected capacity					
Germany Spoke (Line 2)	10,000	5,000	—	5,000	20,000
2023 installed and 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.

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. The Arizona Spoke, the Alabama Spoke and the new Germany 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.

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 Company has now advanced the Germany Spoke through the construction phase and into the operationalizing phase, with the first main line having commenced operations in August 2023. The Spoke now has an operational capacity of up to 10,000 tonnes (2 GWh equivalent) per year. Li-Cycle 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 by the end of 2023.

Norway Spoke

In 2022, Li-Cycle entered into a joint venture agreement with Norwegian industry partners to form Li-Cycle Norway AS for the purpose of constructing the Norway Spoke. 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 new building in Moss, Norway, approximately 60 kilometers from Oslo, for this operation. The Company will initially use the building, which was completed earlier in 2023, as a consolidation and warehouse facility to support operations at the Germany Spoke, with the start of operations at the Norway Spoke facility currently planned for 2024.

On June 29, 2023, Li-Cycle acquired sole ownership of Li-Cycle Norway AS, while continuing to engage with its Norwegian industry partners, ECO STOR AS (“**ECO STOR**”), a second life energy storage business, and Morrow Batteries AS (“**Morrow**”), a battery cell manufacturer. Li-Cycle has entered into an agreement with ECO STOR to jointly explore second life applications and recycling solutions with select customers to secure end-of-life battery feedstock, and an agreement with Morrow to recycle battery manufacturing scrap from Morrow’s planned battery cell manufacturing facility in Arendal, Norway, with a view to creating a “closed-loop” solution by providing battery-grade products back to Morrow.

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 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, the DOE Loan (expected to close in September 2023), and additional ongoing fund-raising activities. Li-Cycle has no material debt maturities until September 29, 2026. As at June 30, 2023, the Company had \$288.8 million of cash and cash equivalents on hand and convertible debt of \$284.2 million.

The Company’s primary need for liquidity is to fund working capital requirements of its business, capital expenditures related to the development of its Rochester Hub and new Spoke facilities, through the stages of engineering, procurement, construction and commissioning and ramp-up, and for 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 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Cash flows used in operating activities	\$ (39.9)	\$ (24.1)	\$ (60.6)	\$ (42.9)
Cash flows used in investing activities	(78.4)	(64.4)	(164.7)	(80.8)
Cash flows (used in) from financing activities	(2.1)	247.4	(3.8)	246.3
Net change in cash	\$ (120.4)	\$ 158.9	\$ (229.1)	\$ 122.6

Cash Flows Used in Operating Activities

For the three and six months ended June 30, 2023, cash flows used by operating activities were approximately \$39.9 million and \$60.6 million, respectively, compared to \$24.1 million and \$42.9 million in the corresponding periods of 2022 reflecting 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, consulting costs relating to the development of the Rochester Hub.

Cash Flows Used in Investing Activities

For the three and six months ended June 30, 2023, cash flows used in investing activities were \$78.4 million and \$164.7 million, respectively, compared to \$64.4 million and \$80.8 million in the corresponding periods of 2022, and were primarily driven by the capital investment in the Rochester Hub and the Germany Spoke. Cash flows used in investing activities in the prior year were for similar activities for the Rochester Hub and Arizona Spoke at a lesser scale.

Cash Flows Used In Financing Activities

Cash flows used in financing activities in the three and six months ended June 30, 2023 were \$2.1 million and \$3.8 million, respectively, compared to cash flow from financing activities of \$247.4 million and \$246.3 million in the corresponding periods of 2022. The decrease from the comparative periods is related to the closing of the investment in common shares of the Company by LG Energy Solution, Ltd. and LG Chem. Ltd. on May 12, 2022 and the issuance of convertible notes to Glencore on May 31, 2022, for aggregate gross proceeds of \$250 million.

Debt Obligations

KSP Convertible Notes

On September 29, 2021, the Company entered into a Note Purchase Agreement (the "**KSP Note Purchase Agreement**") with Spring Creek Capital, LLC (an affiliate of Koch Strategic Platforms, LLC, being a company within the Koch Investments Group) and issued a convertible note (the "**KSP Convertible Note**") in the principal amount of \$100 million to Spring Creek Capital, LLC. The KSP Convertible Note will mature on September 29, 2026. Interest on the KSP Convertible Note is payable semi-annually, and Li-Cycle is permitted to pay interest on the KSP Convertible Note in cash or by payment in-kind ("**PIK**"), at its election. Interest payments made in cash are based on an interest rate of LIBOR plus 5.0% per year, and PIK interest payments were based on an interest rate of LIBOR plus 6.0% per year, with a LIBOR floor of 1% and a cap of 2%. Starting July 1, 2023, as the LIBOR interest rate is no longer published, the interest rate will instead be based on the sum of the Secured Overnight Financing Rate ("SOFR") and 0.58% (being average spread between the SOFR and LIBOR during the three-month period ending on the date on which LIBOR ceased to be published). The PIK election results in the issuance of a new note under the same terms as the KSP Convertible Note, issued in lieu of interest payments with an issuance date on the applicable interest date. The Company has elected to pay interest by PIK since the first interest payment date on the KSP Convertible Note of December 31, 2021. The KSP Convertible Note and the PIK notes issued thereunder are referred to collectively as the "**KSP Convertible Notes**", and as at June 30, 2023, comprised the following:

Note	Date Issued		Amount Issued
KSP Convertible Note	September 29, 2021	\$	100.0
PIK Note	December 31, 2021		1.8
PIK Note	June 30, 2022		4.1
PIK Note	December 31, 2022		4.3
PIK Note	June 30, 2023		4.4
Total		\$	114.6

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 June 30, 2023, comprised the following:

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

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 June 30, 2023, and the years in which these obligations are due:

Unaudited \$ millions, undiscounted					
Contractual Obligations	Total	Payment due by period			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 77.9	\$ 77.9	\$ —	\$ —	\$ —
Lease liabilities	81.9	8.8	17.1	14.8	41.2
Restoration provisions	3.1	—	0.1	—	3.0
Convertible debt principal	331.1	—	—	331.1	—
Convertible debt interest	115.0	—	—	115.0	—
Total as of June 30, 2023	\$ 609.0	\$ 86.7	\$ 17.2	\$ 460.9	\$ 44.2

As of June 30, 2023, there were \$11.8 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 June 30, 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 June 30, 2023, the impact of a 5% change in these respective currencies versus the U.S. dollar, would result in an immaterial impact.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk, as it has variable interest rate debt that includes an interest rate floor and cap.

Credit, 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 June 30, 2023 and December 31, 2022, in relation to the impact of movements in the cobalt and nickel price for the provisionally invoiced sales volume of BM&E by metric tonne:

	Cobalt		Nickel	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
BM&E Metric tonnes subject to fair value pricing adjustments	4,977	4,428	4,977	4,428
10% increase in prices	\$ 0.5	\$ 0.8	\$ 0.9	1.4
10% decrease in prices	\$ (0.5)	\$ (0.8)	\$ (0.9)	(1.4)

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

As at	Market price per tonne	
	June 30, 2023	December 31, 2022
Cobalt	\$ 31,416	\$ 41,337
Nickel	20,075	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 June 30, 2023.

Key Factors Affecting Li-Cycle's Performance

The Company believes that its performance and future success is dependent on multiple factors that present significant opportunities for Li-Cycle, but also pose significant risks and challenges, including those discussed below and in the section of the Annual Report entitled "Item 3. Key Information—D. Risk Factors."

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 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, Norway and France 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, 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

Li-Cycle's business is affected by developments in the global supply chain. The COVID-19 pandemic and geopolitical events, including Russia's invasion of Ukraine, have resulted in significant disruptions in the global supply chain. Shortages, price increases and/or delays in shipments of supplies, equipment and raw materials have occurred and may continue to occur in the future which may result in operational or construction slowdowns. Such disruptions to the global supply chain may have a material adverse effect on Li-Cycle's operations, development and construction activities and financial condition.

Research and Development

Li-Cycle continues to conduct R&D centered on various aspects of its business. 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 11 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 August 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	178,107,516
Convertible debt	30,724,914
Stock options	3,855,735
Restricted share units	3,284,607
Total	215,972,772

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.

Unaudited \$ millions, except per share data	Three months ended				Two months ended		Three months ended			
	June 30,		March 31,		December 31,		October 31,		July 31,	
	2023	2022	2023	2022	2022	(Restated)2021	2022	2021	2022 ¹	2021
Revenues	\$ 3.6	\$ —	\$ 3.6	\$ 8.0	\$ 5.9	\$ 2.8	\$ 3.0	\$ 4.4	\$ (2.0)	\$ 1.7
Net profit (loss)	(35.3)	(28.1)	(39.4)	(10.1)	1.7	22.1	(33.9)	(204.9)	(27.5)	(7.0)
Net profit (loss) attributable to:										
Shareholders of Li-Cycle Holdings Corp.	(35.2)	(28.1)	(39.4)	(10.1)	1.7	22.1	(33.9)	(204.9)	(27.6)	(7.0)
Non-controlling interest	(0.1)	—	—	—	—	—	—	—	(0.1)	—
Earnings (loss) per share, basic	\$ (0.20)	\$ (0.17)	\$ (0.22)	\$ (0.06)	\$ 0.01	\$ 0.14	\$ (0.19)	\$ (1.31)	\$ (0.16)	\$ (0.07)
Earnings (loss) per share, diluted	\$ (0.20)	\$ (0.17)	\$ (0.22)	\$ (0.06)	\$ 0.01	\$ 0.13	\$ (0.19)	\$ (1.31)	\$ (0.16)	\$ (0.07)

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

Off-Balance Sheet Arrangements

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

Material Accounting Policies and Critical Estimates

Li-Cycle's condensed consolidated interim financial statements for the three and six months ended June 30, 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 June 30, 2023, its disclosure controls and procedures were not effective, due to the material weaknesses in the Company's internal control over financial reporting described below.

Internal Control Over Financial Reporting

Management is responsible for establishing, maintaining and assessing the effectiveness of internal control over financial reporting (“**ICFR**”) as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act and Canadian Securities Administrators’ National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings. The Company’s ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In the course of preparing for the business combination between Li-Cycle and Peridot Acquisition Corp. completed on August 10, 2021, 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 will not be prevented or detected on a timely basis.

As of June 30, 2023, management assessed the effectiveness of the Company’s ICFR based on the criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “**COSO 2013 Framework**”). Based on this assessment, management identified the following material weaknesses as of June 30, 2023:

- an ineffective control environment, resulting from an insufficient number of experienced personnel with the appropriate technical training to allow for a detailed review of transactions 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 June 30, 2023, based on the COSO 2013 Framework described above. These material weaknesses create a reasonable possibility that a material misstatement to the Company’s condensed consolidated interim financial statements will not be prevented or detected on a timely basis.

Plan for Remediation of Material Weaknesses

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

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

- An ineffective control environment, resulting from an insufficient number of experienced personnel with the appropriate technical training to allow for a detailed review of transactions 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.

Li-Cycle has hired experienced finance personnel into corporate and regional roles with financial reporting, public company and internal control expertise, and is actively seeking to fill additional roles.

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

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

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

Management has designed key controls within its business processes and over the financial statement close, which it believes will address the risks of material misstatement in its financial reporting.

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 June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Non-IFRS Measures

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

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

Unaudited \$ millions	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (35.3)	\$ (28.1)	\$ (74.7)	\$ (38.2)
Income Tax	—	—	0.1	—
Depreciation	4.0	2.6	7.7	4.5
Interest expense	3.6	3.9	7.5	7.6
Interest income	(4.2)	(1.3)	(9.2)	(1.5)
EBITDA	\$ (31.9)	\$ (22.9)	\$ (68.6)	\$ (27.6)
Non-recurring costs	(0.5)	—	0.3	—
Fair value (gain) loss on financial instruments ¹	(7.3)	(7.7)	(6.6)	(22.6)
Adjusted EBITDA (loss)	\$ (39.7)	\$ (30.6)	\$ (74.9)	\$ (50.2)

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

Status of U.S. Domestic Issuer

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

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A may be considered "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, Section 21 of the U.S. Securities Exchange Act of 1934, as amended, and applicable Canadian securities laws. Forward-looking statements may generally be identified by the use of words such as "believe", "may", "will", "continue", "anticipate", "intend", "expect", "should", "would", "could", "plan", "potential", "future", "target" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements contain such identifying words. Forward-looking statements in this MD&A include but are not limited to statements about: the expectation that Li-Cycle will recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean

energy future; the expectation that the Norway Spoke will commence logistics operations in 2023 and that the France Spoke will commence operations in 2024; 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 mega-factory investments in North America and globally will drive significant increases in the Company's total addressable market; the expectation that the Rochester Hub is on track to commence commissioning in stages in late 2023; the anticipated opening of Li-Cycle's first European Spoke in 2023 with two additional European Spokes expected in 2023; the potential new Spoke location in Hungary; the expectation that Li-Cycle will continue to add key commercial contracts underpinning its investments in both North America and Europe; 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; the anticipated commencement of operations at Li-Cycle's first European Spoke in Magdeburg, Germany in the second half of 2023; the expectation that the Germany Spoke will 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; the expected commissioning of the second main line at the Germany Spoke by the end of 2023; Li-Cycle's expectation that it will close a loan of up to \$375 million through United States Department of Energy Loan Programs Office Advanced Technology Vehicles Manufacturing program in September 2023; the expectation that the Company will continue 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; the expected completion of a definitive feasibility study of the Portovesme Hub by mid-2024; the expectations regarding the construction and commissioning of the Portovesme Hub, and its processing capacity, subject to a final investment decision; the expectation regarding the long-term financing from Glencore to fund Li-Cycle's share of the capital investment in the Portovesme Hub; the expectation that, once fully operational, the Portovesme Hub and Rochester Hub will have total annual lithium carbonate production capacity of up to 25,000 tonnes; the expectation that the Company will have other capital expenditures in 2023 related to sustaining and improving capital for the existing Spoke network, research and development, capital spare parts and other items which are not included in the growth capital outlook; the expectation that 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; the expectations regarding the Company's management of the construction labor as part of the Rochester Hub construction budget of \$560 million; 2023 expected Spoke capacity; the 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; the expectation that the Germany Spoke will have capacity of 10,000 tonnes per year for ancillary processing by the end of 2023; the expectation that the Norway Spoke will be a Generation 3 Spoke, with a main line recycling capacity of 10,000 tonnes (2 GWh equivalent); the expectation that the France Spoke will be a Generation 3 Spoke, with 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, and the main line becoming operational in 2024; the expectation that the New Ontario Spoke will have a main line recycling capacity of 10,000 tonnes (2 GWh equivalent) of LIB per year; Li-Cycle's expectation that it will attract new suppliers by differentiating itself based on the sustainability of its process and the robustness of its technology; Li-Cycle's expectation that its supply pipeline will grow as suppliers increase volumes of batteries and manufacturing scrap available for recycling due to the continuing trend toward EVs, and as Li-Cycle continues to source additional supplier relationships; Li-Cycle's expectation to recognize revenue from the sale of end products; the expected settlement dates for the metric tonnes of BM&E subject to fair value price adjustments; the 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; Li-Cycle's expectation that it will enter into premises leases for additional Spokes and Hubs in the twelve months following June 30, 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, the DOE Loan (expected to close in Q3 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.