Court File No. CV-25-00743053-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP., LI-CYCLE CORP., LI-CYCLE AMERICAS CORP., LI-CYCLE U.S. INC., LI-CYCLE INC., AND LI-CYCLE NORTH AMERICA HUB, INC.

SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JUNE 6, 2025

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APPENDICES

1.0 INTRODUCTION

1.1 On May 14, 2025 (the "**Filing Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an initial order (the "**Initial Order**") granting Li-Cycle Holdings Corp. ("**Holdings**"), Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc. ("**LCI**"), and Li-Cycle North America Hub, Inc. (collectively, the "**Applicants**") certain relief pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced thereby are referred to herein as the "**CCAA Proceedings**". Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. ("**A&M**") as monitor of the Applicants in the CCAA Proceedings (in such capacity, the "**Monitor**").

1.2 At the comeback hearing held May 22, 2025 (the "**Comeback Hearing**"), the Applicants obtained:

(i) an amended and restated Initial Order (the "**ARIO**") which, among other things:

(a) authorized the Applicants to obtain and borrow under a debtor-in-possession credit facility (the "**DIP Facility**") provided by Glencore International AG (in such capacity, the "**DIP Lender**"), in an amount not to exceed $10.5 million, on terms and subject to conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated May 14, 2025, which was amended on May 22, 2025 (as amended, the "**DIP Term Sheet**"), and granted the DIP Lender's Charge (as defined in the ARIO);

(b) approved a key employee retention plan (the "**KERP**") and the related KERP Charge (as defined in the ARIO);

(c) increased the Administration Charge to $2.5 million, removed a $1 million limit on the Intercompany Charge imposed in the Initial Order, and granted the Transaction Fee Charge in the amount of $1 million (each as defined in the ARIO); and

(d) extended the Stay Period (as defined in the ARIO) to and including July 7, 2025; and

(ii) a sale and investment solicitation process order (the "**Sale Process Order**") which, among other things:

(a) approved the sale and investment solicitation process (the "**SISP**");

(b) authorized and approved the Applicants' execution of the equity and asset purchase agreement dated May 14, 2025 among all of the Applicants except Li-Cycle Inc. (collectively, the "**Sellers**") and Glencore Canada Corporation (the "**Stalking Horse Bidder**"), which was amended on May 22, 2025 (as amended, the "**Stalking Horse Agreement**") and approved the Stalking Horse Agreement for the purposes of acting as the "stalking horse bid" in the SISP (the "**Stalking Horse Bid**"); and

(c) approved the payment of the Expense Reimbursement and Break Fee (each as defined in the Sale Process Order) (together, the "**Bid Protections**") to the Stalking Horse Bidder as contemplated by the Stalking Horse Agreement in the event that another transaction is selected as the highest or

best bid (the "**Successful Bid**") in the SISP, and granted the Bid Protections Charge (as defined in the Sale Process Order).

1.3 The Applicants are comprised of the North American entities of the broader Li-Cycle group of companies (the "**Li-Cycle Group**") which includes the European and Asian subsidiaries of Holdings, which are non-Applicant subsidiaries and are not part of the CCAA Proceedings. The Li-Cycle Group is a global lithium-ion battery resource recovery company headquartered in Toronto, Ontario.

1.4 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the Li-Cycle Group. On May 14, 2025, following the granting of the Initial Order, the Chief Restructuring Officer (the "**CRO**"), in its capacity as foreign representative (the "**Foreign Representative**"), obtained an Order granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the "**US Bankruptcy Court**").

1.5 On May 23, 2025, the Foreign Representative also sought and obtained orders, on a final basis, from the US Bankruptcy Court, among other things, recognizing the CCAA Proceedings as "foreign main proceedings" and giving full force and effect to the CCAA Proceedings, the ARIO and the Sale Process Order in the United States under Chapter 15 of the United States Bankruptcy Code (the "**Chapter 15 Proceedings**", and together with the CCAA Proceedings, the "**Restructuring Proceedings**").

1.6 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed and served the Pre-Filing Report of the Proposed Monitor dated May 13, 2025 (the "**Pre-Filing Report**"). The Monitor has also provided the Court with the First Report of the Monitor dated May 21, 2025 (the "**First Report**") and the Supplement to the First

Report dated May 22, 2025 (the "**Supplement to the First Report**"). The Pre-Filing Report, the First Report, the Supplement to the First Report, and other Court-filed documents in the Restructuring Proceedings are available on the Monitor's case website at: www.alvarezandmarsal.com/licycle (the "**Case Website**"). A copy of the First Report (without appendices) is also attached hereto as **Appendix "A"**.

1.7 The purpose of this second report of the Monitor (this "**Second Report**") is to provide the Court with information, and where applicable, the Monitor's view on:

(i) the relief sought by the Applicants pursuant to the proposed Priority Claims and Cure Amounts Procedure Order (the "**Priority Claims and Cure Amounts Procedure Order**"), among other things, approving:

(a) a procedure for the identification and resolution of Priority Claims (as defined below) against the Applicants (the "**Priority Claims Procedure**"); and

(b) a procedure for the determination of Cure Amounts under certain Assumed Contracts (each as defined below) (the "**Cure Amounts Procedure**");

(ii) the Applicants' cash flow results for the two-week period ended May 30, 2025;

(iii) general updates since the granting of the ARIO;

(iv) the activities of the Monitor since the date of the First Report; and

(v) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Second Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants, and has held discussions with management of the Applicants, the CRO, the CFO, Maplebriar and the Financial Advisor (each as defined in the First Report), and the Applicants' legal counsel (collectively, the "**Information**"). Except as otherwise described in this Second Report in respect of the Cash Flow Forecast (as defined below):

(i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Second Report was prepared based on the Applicants' management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are

not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Second Report should be read in conjunction with the affidavit of William E. Aziz, sworn June 5, 2025 (the "**Second Aziz Affidavit**"), filed in support of the relief sought by the Applicants under the CCAA. Capitalized terms used but not defined in this Second Report shall have the meanings given to such terms in the Second Aziz Affidavit, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars ("**USD**").

3.0 PRIORITY CLAIMS PROCEDURE

Overview[1]

3.1 The Stalking Horse Agreement contemplates that the Stalking Horse Bidder will purchase the Purchased Assets subject to the Permitted Encumbrances (each as defined in the Stalking Horse Agreement), which include all Encumbrances (as defined in the Stalking Horse Agreement) on the Purchased Assets that rank in priority to the Secured Lender Claims[2]. The Monitor understands that the majority of these Permitted Encumbrances

[1] Capitalized terms used but not defined in this section of the Second Report have the meaning ascribed to them in the proposed Priority Claims and Cure Amounts Procedure Order included at Tab 3 of the Motion Record of the Applicants dated June 5, 2025.

[2] "**Secured Lender Claims**" means all indebtedness, liabilities and obligations owing by the Applicants pursuant: (i) an amended and restated senior secured convertible note issued to the Stalking Horse Bidder by Holdings on March 25, 2024 and amended and restated on January 31, 2025 in the original principal amount of $81,573,643.75 as of January 31, 2025, and guaranteed by the Applicants (other than Holdings), among others; and (ii) an amended and restated convertible note issued to Glencore Ltd. by Holdings on May 5, 2022 (which was subsequently assigned to the Stalking Horse Bidder) as subsequently amended and restated on March 25, 2024 and January 31, 2025 in the original principal amount of $124,059,131.32 as of January 31, 2025, and guaranteed by the Applicants (other than Holdings), among others.

relate to liens registered against certain of the Purchased Assets located at the Rochester Hub.

3.2 The purpose of the proposed Priority Claims Procedure is to establish a process to determine the value of and resolve all indebtedness, liabilities, obligations or claims of any kind whatsoever against the Applicants' Property and/or the Transferred Equity Interests (as defined in the Stalking Horse Agreement) that ranks in priority to the Secured Lender Claims (excluding any indebtedness, liability, obligation or claim secured by a Court-ordered charge pursuant to the ARIO or any other Order within the CCAA Proceedings, a "**Priority Claim**"). The identification and resolution of Priority Claims is necessary to value the Stalking Horse Bid, and potentially other bids received in the SISP.

3.3 The Stalking Horse Agreement also provides the Stalking Horse Bidder with the right to designate assets as Excluded Assets (as defined in the Stalking Horse Agreement) prior to the closing of the transaction contemplated by the Stalking Horse Agreement (with no reduction to the Purchase Price (as defined in the Stalking Horse Agreement))[3]. To the extent that the Stalking Horse Bidder designates an asset that is subject to a Priority Claim as an Excluded Asset, the Stalking Horse Bidder will not assume responsibility for any associated Priority Claim. Accordingly, the determination and quantum of Priority Claims may affect which assets the Stalking Horse Bidder designates as Excluded Assets. The

[3] If the Stalking Horse Bidder elects to designate as Excluded Assets: (i) substantially all of the assets in or at the Rochester Hub, then the Purchase Price shall be increased by $1,250,000; or (ii) any portion of the Owned Real Property on (a) the lands subject to the Ground Lease Agreement, or (b) located on the lands subject to that certain Amended and Restated Ground Sublease Agreement (each as defined in the Stalking Horse Agreement), then the Purchase Price shall be increased by the reasonable, out-of-pocket costs of the Sellers associated with the liquidation of such Excluded Assets up to a maximum of $1,250,000.

determination and quantum of Priority Claims may also affect the assets that other potential bidders in the SISP will be willing to include in their bids.

3.4 The Priority Claims Procedure does not and is not intended to provide for a distribution to Priority Creditors but is solely for the purposes of providing a process for submitting and adjudicating Priority Claims.

3.5 The known potential Priority Claims (the "**Known Potential Priority Creditors**") include:

(i) the security held by the U.S. Department of Energy;

(ii) mechanics' liens registered against the planned commercial-scale hub under development in Rochester, New York (the "**Rochester Hub**"); and

(iii) registrations pursuant to the *Personal Property Security Act* (Ontario) or the Uniform Commercial Code.

3.6 The proposed Priority Claims and Cure Amounts Procedure Order contemplates: (i) a "negative notice process" (the "**Negative Notice Process**") in respect of most of the Known Potential Priority Creditors; and (ii) a general notice process (the "**General Notice Process**") for any other potential Priority Creditors.

3.7 Key steps and timelines in the Priority Claims Process described in the proposed Priority Claims and Cure Amounts Procedure Order are summarized in the table below:

Timeframe	Activity
June 9, 2025	Statements of Negative Notice and Priority Claims Packages to be sent
June 24, 2025	Priority Claims Bar Date (Deadline for Proofs of Priority Claim and any Notices of Dispute of Negative Notice Priority Claims)
June 27, 2025	Monitor to send Notices of Revision or Disallowance of Proofs of Priority Claim.

	This date may be extended by the Monitor in its discretion taking into account, among other things, the nature and quantity of Proofs of Claim received.
7 calendar days after Notice of Revision or Disallowance sent by the Monitor	Deadline for Notices of Dispute of Notice of Revision or Disallowance

Claims

3.8 The proposed Priority Claims Process does not apply to any indebtedness, liability, obligation or claim secured by a court ordered charge pursuant to the Initial Order or any other Order within the CCAA Proceedings. Further, no Person needs to submit a Proof of Priority Claim in respect of: (i) a Claim that is captured in a Statement of Negative Notice Priority Claim; (ii) a Claim that is not alleged to be a Priority Claim, including any unsecured claim; and (iii) a claim relating to a time period after the date of the Initial Order and/or not based on facts that existed on or prior to the date of the Initial Order.

3.9 No Person asserting a Priority Claim is entitled to submit a placeholder claim or provide for any reservation of rights to add or amend a Proof of Priority Claim at a later date except as specifically provided for in the proposed Priority Claims and Cure Amounts Procedure Order.

3.10 Pursuant to the proposed Priority Claims and Cure Amounts Procedure Order, the Monitor is authorized and empowered to assist any Priority Creditor in the filing of a Proof of Claim.

Notice

Negative Notice Process

3.11 Pursuant to the Negative Notice Process, the Applicants, in consultation with the Monitor, will prepare a statement (each a "**Statement of Negative Notice Priority Claim**") for each Negative Notice Priority Claimant setting out: (i) the value of the Negative Notice Priority Claimant's Negative Notice Priority Claim based on the books and records of the Applicants; (ii) a description of any security in respect of that Negative Notice Priority Claim; and (iii) whether the Negative Notice Priority Claim is subsumed in and duplicative of a Statement of Negative Notice sent to another Negative Notice Priority Claimant (such as a general contractor).

3.12 Also pursuant to the Negative Notice Process, the Monitor will send[4] a document package including: (i) a Statement of Negative Notice Priority Claim; (ii) a Notice of Dispute of Priority Claim form; and (iii) such other materials as the Monitor may consider appropriate or desirable, to each Negative Notice Priority Claimant by June 9, 2025 at 5:00 p.m.

3.13 The proposed Priority Claims and Cure Amounts Procedure Order provides that the Monitor:

(i) is entitled to rely on the books and records and any information provided by the Applicants as well as documentation and information provided by others, including information and documentation provided by the Priority Creditors and Assumed

[4] by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants' books and records.

Contract Notice Parties (as defined below) pursuant to the Priority Claims and Cure Amounts Procedure Order, without independent investigation; and

(ii) shall not be obligated to give notice to or otherwise deal with a transferee or assignee of a Priority Claim as the Priority Creditor in respect thereof unless: (a) actual written notice of the transfer or assignment, together with satisfactory evidence of a valid transfer or assignment of the Priority Claim, has been received by the Monitor; and (b) the Monitor has acknowledged in writing such transfer or assignment.

General Notice Process

3.14 Pursuant to the General Notice Process, the proposed Priority Claims and Cure Amounts Procedure Order provides that the Monitor will send[5] a document package (the "**Priority Claims Package**") including: (i) a copy of the Priority Claims and Cure Amounts Procedure Order[6]; (ii) a Proof of Priority Claim Instruction Letter; (iii) a Proof of Priority Claim; and (iv) such other materials as the Monitor may consider appropriate or desirable to: (a) each Person that appears on the Service List; (b) each Person that has claimed to be a Priority Creditor and requested a Priority Claims Package prior to such date; and (c) any Person known to the Applicants or the Monitor as having a potential Priority Claim based on the books and records of the Applicants and any registrations under the *Personal*

[5] by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants' books and records.

[6] or a hyperlink to the Priority Claims and Cure Amounts Procedure Order on the Case Website.

Property Security Act (Ontario), the Uniform Commercial Code or similar legislation that is not captured in any Statement of Negative Notice Claim.

3.15 Provided that such request is received prior to the Priority Claims Bar Date (as defined below), the Monitor shall also deliver, as soon as practically possible following receipt of a request therefor, a copy of the Priority Claims Package to any Person claiming to be a Priority Creditor and requesting a Priority Claims Package.

3.16 The proposed Priority Claims and Cure Amounts Procedure Order also provides that as soon as possible following the issuance of the Priority Claims and Cure Amounts Procedure Order:

(i) and by no later than 5:00 p.m. (Toronto time) on June 9, 2025, the Monitor shall post a copy of the Priority Claims and Cure Amounts Procedure Order, with schedules, and a copy of the schedule, prepared by the Applicants, in consultation with the Monitor, that identifies the Priority Claims in respect of each Priority Creditor (which may be nil), as may be updated or amended from time to time (the "**Priority Claims Schedule**") on the Case Website; and

(ii) the Monitor shall cause to be published the Notice to Priority Creditors in *The Globe and Mail* (National Edition) and *The Wall Street Journal*.

Priority Claims Bar Date

Negative Notice Process

3.17 A Negative Notice Priority Claimant who agrees with the information contained in the Statement of Negative Notice Priority Claim is not required to take any further action.

3.18 A Negative Notice Priority Claimant wishing to dispute the information included in the Statement of Negative Notice Priority Claim is required to e-mail to the Monitor a Notice of Dispute of Priority Claim setting out the reasons for the dispute, together with supporting documentation as is necessary to support the dispute, such that it is received by the Monitor by 5:00 p.m. (Toronto time) on June 24, 2025 (the "**Priority Claims Bar Date**"), failing which such Priority Creditor shall be forever barred, estopped and enjoined from asserting or enforcing any such Priority Claim.

General Notice Process

3.19 The proposed Priority Claims and Cure Amounts Procedure Order provides that all Priority Creditors asserting a Priority Claim that is not captured in a Statement of Negative Notice Priority Claim are required to e-mail to the Monitor a Proof of Priority Claim, together with supporting documentation as is necessary to establish such Priority Claim, by no later than the Priority Claims Bar Date, failing which such Priority Creditor shall be forever barred, estopped and enjoined from asserting or enforcing any such Priority Claim.

Assessment and Determination of Priority Claims

3.20 Pursuant to the proposed Priority Claims and Cure Amounts Procedure Order, the Monitor will review all Proofs of Priority Claim filed on or before the Priority Claims Bar Date and may: (i) accept, revise or disallow (in whole or in part) the amount and/or status of a Priority Claim set out in any Proof of Priority Claim; (ii) request additional information with respect to any Priority Claim; and/or (iii) request that the Priority Creditor file a revised Proof of Priority Claim.

3.21 Prior to accepting, settling or disputing any Priority Claim, the Monitor shall consult with the Applicants, the CRO and the Stalking Horse Bidder. If the Monitor determines to revise or disallow a Proof of Priority Claim, the Monitor will send a Notice of Revision or Disallowance to the Priority Creditor on or before June 27, 2025, or such later date as determined by the Monitor in its discretion, taking into account, among other things, the nature and quantity of the Proofs of Priority Claim received.

3.22 Any Priority Creditor who intends to dispute a Notice of Revision or Disallowance must e-mail to the Monitor a Notice of Dispute of Priority Claim by no later than 5:00 p.m. (Toronto time) on the date that is seven (7) Calendar Days after the date the Monitor sent the Notice of Revision or Disallowance, or such later date as the Monitor may agree in writing or the Court may order.

3.23 If a Notice of Dispute of Priority Claim is received by the Monitor in accordance with the Priority Claims and Cure Amounts Procedure Order, the dispute set out therein shall either be resolved consensually by way of an agreement between the Applicants and the Priority

Creditors, with the consent of the Monitor and in consultation with the Stalking Horse Bidder, or upon further Order of the Court.

Priority Claims Barred

Negative Notice Process

3.24 Should the Negative Notice Priority Claimant fail to take the requisite steps to dispute the Statement of Negative Notice Priority Claim by the Priority Claims Bar Date:

(i) it shall be deemed to have accepted the amount and status of the Negative Notice Priority Claimant's Priority Claims as set out in the Statement of Negative Notice Priority Claim; and

(ii) any and all of the Negative Notice Priority Claimant's rights to dispute the amount and status of the Negative Notice Priority Claims as determined in the Statement of Negative Notice Priority Claim or to otherwise assert or pursue the Negative Notice Priority Claims set out in the Statement of Negative Notice Priority Claim other than as they are determined in such Statement of Negative Notice Priority Claim shall be forever extinguished and barred without further act or notification.

General Notice Process

3.25 The proposed Priority Claims and Cure Amounts Procedure Order also provides that if a Priority Creditor who receives a Notice of Revision or Disallowance fails to e-mail to the Monitor a Notice of Dispute of Priority Claim within the required time limit, the amount and status of such Priority Claim shall be deemed to be as set out in the Notice of Revision

or Disallowance and such amount and status, if any, shall constitute such Priority Creditor's Proven Priority Claim. Further, that Priority Creditor will be barred from disputing or appealing same, and the balance of that Priority Creditor's Priority Claim, if any, shall be forever barred and extinguished.

4.0 CURE AMOUNTS PROCEDURE

4.1 The Stalking Horse Agreement contemplates that if the Stalking Horse Bid is the Successful Bid and ultimately closes:

(i) the Applicants will assign, and the Stalking Horse Bidder (or its designee) (in such case, the "**Buyer**") will assume the contracts of the Asset Sellers[7] (the "**Assumed Contracts**") included in the Sellers' Disclosure Schedule (the "**Assumed Contracts List**")[8]; and

(ii) the Buyer will assume liability for the aggregate amount, if any, that is required to be paid to cure any monetary defaults of any of the Applicants under the Assumed Contracts, as determined by: (a) mutual agreement between the applicable Applicant, the Buyer and third-party to the respective Assumed Contracts; or (b) pursuant to section 11.3 of the CCAA (the "**Cure Amounts**").

4.2 The Purchase Price under the Stalking Horse Agreement includes the assumption by the Buyer of the Assumed Liabilities, including the Cure Amounts. Accordingly, it is necessary

[7] The Asset Sellers are defined in the Stalking Horse Agreement as Li-Cycle North America Hub, Inc., Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., and Li-Cycle Holdings Corp.

[8] The Stalking Horse Agreement provides that at any time prior to closing the Buyer may revise the Assumed Contracts List to add or remove any contract of any Asset Seller. To the extent that a contract is removed from the Assumed Contracts List, it will be an Excluded Asset and no liabilities related to that contract will be assumed by the Buyer.

to finally determine the Cure Amounts for the Assumed Contracts in order to value the Stalking Horse Bid, and potentially other bids received in the SISP.

4.3 The Priority Claims and Cure Amounts Procedure Order does not and is not intended to provide for a distribution to Assumed Contract Notice Parties but is solely for the purposes of providing a process for submitting and adjudicating Cure Amounts.

4.4 The current key steps and timelines described in the proposed Cure Amounts Procedure are summarized in the table below:

Timeframe	Activity
June 6, 2025	Cure Notices to be sent
June 24, 2025	Cure Amounts Objection Deadline

Cure Amounts Notice

4.5 The current proposed Priority Claims and Cure Amounts Procedure Order, among other things, authorizes the Applicants *nunc pro tunc* to send[9] a notice (the "**Cure Amounts Notice**") prepared by the Applicants, in consultation with the Monitor, substantially in the form attached to the Second Aziz Affidavit at Exhibit "J", identifying the Cure Amounts owing under the Assumed Contracts (which may be nil) to all counterparties to each Assumed Contract to which any Asset Seller is a party and is related to, used in or necessary for the operations of the Business (as conducted prior to February 26, 2025) or the construction of the Rochester Hub (each, and "**Assumed Contract Notice Party**"), on or before June 6, 2025. The Monitor understands that there are approximately 1,860 Cure

[9] by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants' books and records.

Amounts Notices to be sent, and given the quantum of potential responses, the Applicants currently intend to send Cure Amounts Notices in advance of the June 9, 2025 hearing or as soon as possible thereafter to provide the Assumed Contract Notice Parties with a longer period by which to file a Cure Amounts Objection Notice if possible.

4.6 The form of Cure Amounts Notice:

(i) notifies the Assumed Contract Notice Party that it is a counterparty to an Assumed Contract that may be assigned to, and assumed by, the Buyer;

(ii) attaches the Cure Amounts Schedule (as defined below) and notifies the Assumed Contract Notice Party that if the Priority Claims and Cure Amounts Procedure Order is granted and they wish to dispute the Cure Amounts specified in the Cure Amounts Schedule, they must file a Cure Amounts Objection Notice by the Cure Amounts Objection Deadline (each as defined below); and

(iii) attaches the Cure Amounts Objection Notice.

4.7 The Cure Amounts Notices indicate that the Priority Claims and Cure Amounts Procedure Order remains subject to approval by the Court and that if the Priority Claims and Cure Amounts Procedure Order is not granted by the Court for any reason, the Cure Amounts Notices will terminate and be null and void and of no effect.

4.8 The proposed Priority Claims and Cure Amounts Procedure Order provides that as soon as possible following the issuance of the Priority Claims and Cure Amounts Procedure Order and by no later than 5:00 p.m. (Toronto time) on June 9, 2025, the Monitor shall post a copy of the schedule prepared by the Applicants, in consultation with the Monitor, which

identifies the Cure Amounts owing under the Assumed Contracts with each Assumed Contract Notice Party (which may be nil) (the ("**Cure Amounts Schedule**") to the Case Website.

Cure Amounts Objection Deadline

4.9 Any Assumed Contract Notice Party that wishes to dispute the Cure Amounts set forth in its Cure Amounts Notice must e-mail to the Monitor an objection notice in the form attached to the Priority Claims and Cure Amounts Procedure Order (a "**Cure Amount Objection Notice**") such that it is received by 5:00 p.m. (Toronto time) on June 24, 2025 (the "**Cure Amounts Objection Deadline**").

Assessment and Determination of Cure Amounts

4.10 If any Cure Amount Objection Notice is received by the Monitor by the Cure Amounts Objection Deadline, the Applicants, in consultation with the Monitor and the Stalking Horse Bidder, will seek to resolve any such objections either consensually by way of an agreement between the applicable Applicants and the Assumed Contract Counterparty (provided that any such resolutions with respect to any Assumed Contract are consented to by the Monitor and acceptable to the Stalking Horse Bidder), or upon further order of the Court.

Cure Amounts Barred

4.11 The proposed Priority Claims and Cure Amounts Procedure Order provides that any Assumed Contract Notice Party that does not wish to dispute the Cure Amounts (which may be nil) set forth in the Cure Amounts Notice delivered to them is not required to take

any further action and the Cure Amount set out in the Cure Amounts Notice shall be deemed to be the Cure Amount payable to that Assumed Contract Counterparty pursuant to the Stalking Horse Agreement and any other Successful Bid or Back-Up Bid.

4.12 Where an Assumed Contract Notice Party does not e-mail a Cure Amount Objection Notice to the Monitor by the Cure Amounts Objection Deadline, that Assumed Contract Notice Party shall be forever barred from disputing the Cure Amount set forth in its Cure Amounts Notice which shall be deemed to be the Cure Amounts payable to that Assumed Contract Notice Party pursuant to the Stalking Horse Agreement and any other Successful Bid or Back-Up Bid. Any claim of such Assumed Contract Notice Party to Cure Amounts in excess of the amount specified in such Cure Amounts Notice shall be forever barred and extinguished.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Receipts and disbursements for the cumulative two-week period ended May 30, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "D" to the First Report (the "**Cash Flow Forecast**"), are summarized in the table below.

Cash Flow Variance Report	Cumulative Two-Week Period Ended May 30, 2023		
(USD $000's, Unaudited)	**Actual**	**Forecast**	**Variance**
Receipts	**63**	**267**	**(203)**
Disbursements			
Operating and Holding Costs	868	1,234	366
Occupancy Costs	424	414	(10)
Salaries and Benefits	340	352	12
Professional Fees	1,587	2,445	858
KERP Pre-Funding	1,300	1,300	-
APAC Intercompany Settlement	50	-	(50)
DIP Interest	-	-	-
Total Disbursements	**4,570**	**5,745**	**1,175**
Net Cash Flow	**(4,506)**	**(5,478)**	**972**
Opening Cash Balance	4,887	4,887	-
Net Cash Flow	(4,506)	(5,478)	972
DIP Draws / (Repayment)	1,092	1,092	-
Closing Cash Balance	**1,472**	**500**	**972**

5.2 During the Reporting Period, the Applicants' total receipts were approximately $203,000 million lower than projected in the Cash Flow Forecast. This negative variance is considered timing and expected to reverse in the coming weeks.

5.3 During the Reporting Period, the Applicants' total disbursements were approximately $1.2 million lower than projected in the Cash Flow Forecast. This positive variance is considered timing and expected to reverse in the coming weeks.

5.4 On May 30 2025, in accordance with the ARIO, the Applicants transferred the KERP Funds (as defined in the First Report) in the amount of approximately CAD$870,000 million and $785,000 into the Monitor's trust account established to hold the KERP Funds.

5.5 Overall, during the Reporting Period, the Applicants experienced a positive net cash flow variance of approximately $1.0 million, primarily attributable to timing variances in professional fees and operating and holding costs.

5.6 As of May 30, 2025, approximately $1.1 million was drawn under the DIP Facility, all of which was drawn under the "North American facility" to fund the operations of the North American business and the cost of the CCAA Proceedings. The Applicants' have not yet drawn any amounts under the "European facility". See the First Report for additional information regarding the DIP Facility.

6.0 UPDATE ON OTHER MATTERS

SISP

6.1 The Monitor notes that the Phase 1 Bid Deadline in the SISP is June 6, 2025. An interim SISP update was provided in the Second Aziz Affidavit. The Monitor will provide a more fulsome update on the SISP in its next report to Court.

Security Review[10]

6.2 The Monitor's Canadian and US legal counsel have conducted a review of the security granted by the Applicants to the Glencore Collateral Agent and the Noteholder, and have verbally confirmed to the Monitor that, subject to qualifications, assumptions, limitations and discussions customary in rendering opinions of this nature and applicable in these circumstances, the Monitor's Canadian and US legal counsel are of the view that the

[10] Capitalized terms used but not defined in this section of the Second Report have the meaning ascribed to them in the First Report.

security granted by the Applicants to the Glencore Collateral Agent and the Noteholder pursuant to the Glencore Prefiling Security Documents constitutes valid and enforceable security in the Province of Ontario and the State of New York in accordance with such security's respective terms, and that the necessary registrations have been made in the Province of Ontario and the State of New York in order to perfect or evidence such security. The Monitor anticipates receiving written opinions from its Canadian and US. legal counsel confirming the above shortly.

Lease Related Matters

6.3 As of the date of this Second Report, the Applicants have exited two real property locations since the commencement of the CCAA Proceedings:

(i) on May 30, 2025, in accordance with subsection 32(1) of the CCAA, LCI, with the consent of the CRO and the Monitor, issued notice of its intention to disclaim or resiliate the lease agreement dated September 1, 2021 between LCI, CI418 Landing 202 LLC and Sherman Street Landing 202 LLC for the property located at 7958 East Ray Road, Suite 125, Mesa, Arizona 85212; and

(ii) pursuant to a Lease Termination Agreement dated June 3, 2025 between LCI and PZ UC Building Owner LLC, the parties, with the consent of the CRO and the Monitor, agreed to the early termination and cancellation of the Lease Agreement dated August 15, 2022 pursuant to which LCI leased premises located at 1400 Urban Center Drive, Suite 240, Vestavia Hills, Alabama.

Cease Trade Order

6.4 Pursuant to the ARIO, the Court authorized the Applicants to incur no further expenses in relation to any Securities Filings that may be required by the Securities Provisions (each as defined in the ARIO). The ARIO states that "nothing in this order is intended to or shall encroach on the jurisdiction of any regulatory authorities … to issue cease trade orders if and when required pursuant to applicable securities law".

6.5 On June 5, 2025, the Ontario Securities Commission issued a failure-to-file cease trade order (the "**FFCTO**") in respect of Holdings as a result of Holdings' failure to file the following periodic disclosure:

(i) interim financial statements for the period ended March 31, 2025;

(ii) management's discussion and analysis relating to the interim financial statements for the period ended March 31, 2025; and

(iii) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure In Issuer's Annual Interim Filings*.

6.6 Pursuant to the FFCTO, the Ontario Securities Commission ordered that trading, whether direct or indirect, cease in respect of each security of Holdings.

6.7 On June 6, 2025, Holdings issued a press release in respect of the FFCTO, which is attached hereto as **Appendix "B"**.

7.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE FIRST REPORT

7.1 Since the date of the First Report, the activities of the Monitor have included:

(i) engaging in discussions with the Applicants and their legal counsel, the Monitor's legal counsel, the Financial Advisor, Maplebriar, the CFO and the CRO regarding the Restructuring Proceedings, including the SISP, the DIP Term Sheet, the Stalking Horse Agreement, the Priority Claims Procedure, and the Cure Amounts Procedure;

(ii) overseeing and assisting the Financial Advisor and the Applicants with the SISP;

(iii) assisting the Applicants with communications to employees, suppliers, landlords, and other stakeholders;

(iv) attending the Comeback Hearing on May 22, 2025, and the US Bankruptcy Court hearing in respect of the Chapter 15 Proceedings on May 23, 2025;

(v) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number and email account established by the Monitor for the CCAA Proceedings;

(vi) attending update calls with the Applicants' management, the CFO, and the CRO regarding the CCAA Proceedings;

(vii) monitoring receipts, disbursements, purchase commitments and Intercompany Transfers, including the review of payments made;

(viii) assisting the Applicants with the preparation for the noticing requirements of the Cure Amounts Procedure;

(ix) communicating with the Applicants and preparing the list of Negative Notice Priority Claimants in preparation for the Priority Claims Procedure;

(x) liaising with the Applicants in respect of communications from CRA regarding an HST audit;

(xi) liaising with the Applicants in respect of communications from the Ontario Securities Commission regarding the FFCTO;

(xii) posting non-confidential materials filed with the Court to the Case Website; and

(xiii) with the assistance of its legal counsel, preparing this Second Report.

8.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

8.1 The Monitor notes that there is a desire to identify and determine the Priority Claims and the Cure Amounts prior to the Phase 2 Bid Deadline of the SISP in order to value the Stalking Horse Bid, and to assist other bidders who may be interested in some or all of the Purchased Assets that are subject to Priority Claims and/or some or all of the Assumed Contracts that are subject to the Cure Amounts, and that the Priority Claims Bar Date and the Cure Amounts Objection Deadline generally coincide with the Phase 2 Bid Deadline in the SISP.

8.2 The Monitor believes that the Priority Claims Procedure and associated timelines for the identification and resolution of Priority Claims, as well as the Cure Amounts Procedure and associated timelines for the determination of Cure Amounts, both as set out in the Priority Claims and Cure Amounts Procedure Order, are reasonable in the circumstances, taking into consideration:

(i) the relatively small group of Known Potential Priority Creditors who, for the most part, have potential Priority Claims that are based on publicly registered amounts;

(ii) the Cure Amounts Procedure is entirely a "negative notice process" that does not require any action by any Assumed Contract Notice Party to the extent the Assumed Contract Notice Party does not dispute the Cure Amounts set forth in the Cure Amounts Notice delivered to such Assumed Contract Notice Party;

(iii) the contemplated timelines provide, in the Monitor's view, sufficient time from the date on which the various notices are required to be sent, and publications are required to be made for potential Priority Claimants and Assumed Contract Notice Parties to evaluate and submit any respective such claim they have;

(iv) the timeline required in order to adhere to the SISP requirements; and

(v) the Applicants' existing liquidity position.

8.3 For the reasons set out in this Second Report, the Monitor is of the view that the relief requested by the Applicants is reasonable, appropriate and necessary having regard to the current circumstances of the Applicants. As such, the Monitor supports the relief sought by the Applicants and respectfully recommends that the Court grant the Priority Claims and Cure Amounts Procedure Order in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 6th day of June, 2025.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Li-Cycle Holdings Corp., Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., and Li-Cycle North America Hub, Inc. and in no other capacity

Per: DocuSigned by: Josh Nevsky FE876A542EF3427...

Josh Nevsky
Senior Vice President

Appendix “A”

Court File No. CV-25-00743053-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP., LI-CYCLE CORP., LI-CYCLE AMERICAS CORP., LI-CYCLE U.S. INC., LI-CYCLE INC., AND LI-CYCLE NORTH AMERICA HUB, INC.

FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

MAY 21, 2025

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APPENDICES

1.0 INTRODUCTION

1.1 On May 14, 2025 (the "**Filing Date**"), Li-Cycle Holdings Corp. ("**Holdings**"), Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc. ("**North America OpCo**"), Li-Cycle Inc. ("**US SpokeCo**"), and Li-Cycle North America Hub, Inc. ("**US HubCo**") (collectively, the "**Applicants**") sought and obtained an initial order (the "**Initial Order**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced thereby are referred to herein as the "**CCAA Proceedings**".

1.2 The Applicants are comprised of the North American entities of the broader Li-Cycle group of companies (the "**Li-Cycle Group**") which includes the European and Asian subsidiaries of Holdings, which are non-Applicant subsidiaries and are not part of the CCAA Proceedings. The Li-Cycle Group is a global lithium-ion battery resource recovery company headquartered in Toronto, Ontario.

1.3 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the Li-Cycle Group. On May 14, 2025, following the granting of the Initial Order, the CRO (as defined below), in its capacity as foreign representative, obtained an Order granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the "**US Bankruptcy Court**"), and will be seeking recognition of the CCAA Proceedings as "foreign main proceedings" and the giving full force and effect to the CCAA Proceedings, the Initial Order, the ARIO and the Sale Process Order (each as defined below) in the United States under Chapter 15 of the United States Bankruptcy Code

(the "**Chapter 15 Proceedings**", and together with the CCAA Proceedings, the "**Restructuring Proceedings**").

1.4 Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor, filed the Pre-Filing Report of the Proposed Monitor dated May 13, 2025 (the "**Pre-Filing Report**"). The Pre-Filing Report and other Court-filed documents in the Restructuring Proceedings are available on the Monitor's case website at: www.alvarezandmarsal.com/licycle (the "**Case Website**"). A copy of the Pre-Filing Report (without appendices) is also attached hereto as **Appendix "A"**.

1.5 The Initial Order, among other things:

(i) appointed A&M as monitor of the Applicants (in such capacity, the "**Monitor**");

(ii) granted a stay of proceedings in respect of the Applicants until and including May 22, 2025 (the "**Stay Period**");

(iii) approved the engagements of the CRO, the CFO, Maplebriar and the Financial Advisor (each as defined in the Initial Order and described in the Pre-Filing Report);

(iv) granted the Administration Charge, the Directors' Charge and the Intercompany Charge (each as defined in the Initial Order);

(v) authorized the Applicants to incur no further expenses for the duration of the Stay Period in relation to any Securities Filings (as defined in the Initial Order); and

(vi) authorized the CRO to act as the foreign representative in connection with the Chapter 15 Proceedings.

1.6 The purpose of this first report of the Monitor (this "**First Report**") is to provide this Court with information, and where applicable, the Monitor's view on:

(i) the relief sought by the Applicants pursuant to the proposed Amended and Restated Initial Order (the "**ARIO**"), which, among other things:

(a) extends the Stay Period to and including July 7, 2025;

(b) authorizes the Applicants to obtain and borrow under a debtor-in-possession credit facility (the "**DIP Facility**") provided by Glencore International AG (in such capacity, the "**DIP Lender**"), in an amount not to exceed $10.5 million, on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated May 14, 2025 (the "**DIP Term Sheet**");

(c) grants a charge on the Property (as defined in the ARIO) as security for the Applicants' obligations to the DIP Lender under the DIP Term Sheet;

(d) grants a charge on the Property as security for the CRO Restructuring Fee and the Maplebriar Restructuring Fee (each as defined and described in the Pre-Filing Report);

(e) approves a key employee retention plan (the "**KERP**"), and grants a charge over the KERP Funds as security for payments to be made for the benefit

of the KERP Participants and for the Maplebriar Work Fee (each as defined below);

(f) seals Confidential Exhibit "H" to the Aziz Affidavit subject to further order of the Court;

(g) increases the quantum of the Administration Charge to $2.5 million, and removes the $1 million limit on the Intercompany Charge imposed in the Initial Order; and

(h) authorizes the Applicants to pay certain pre-filing amounts, with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet;

(ii) the relief sought by the Applicants pursuant to the proposed Sale and Investment Solicitation Order (the "**Sale Process Order**"), which, among other things:

(a) approves the sale and investment solicitation process (the "**SISP**"), and authorizes the Applicants to implement the SISP, with the assistance of the Financial Advisor and under the oversight of the Monitor;

(b) authorizes and approves the Applicants' execution of the equity and asset purchase agreement dated May 14, 2025 (the "**Stalking Horse Agreement**") among all of the Applicants except Li-Cycle Inc. (collectively, the "**Sellers**") and Glencore Canada Corporation (the "**Stalking Horse Bidder**"), and approves the Stalking Horse Agreement solely for the purposes of acting as the "stalking horse bid" in the SISP (the "**Stalking Horse Bid**"); and

(c) approves the payment of the Expense Reimbursement and the Break Fee (each as defined below) (collectively, the "**Bid Protections**") to the Stalking Horse Bidder as contemplated by the Stalking Horse Agreement in the event that another transaction is selected as the highest or best bid (the "**Successful Bid**") in the SISP, and grants a Court-ordered Bid Protections Charge (as defined below) as security for payment of the Bid Protections;

(iii) the Chapter 15 Proceedings;

(iv) the activities of the Monitor since its appointment; and

(v) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this First Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants, and has held discussions with management of the Applicants and its legal counsel, the CRO, Maplebriar and the Financial Advisor (collectively, the "**Information**"). Except as otherwise described in this First Report in respect of the Applicants' cash flow forecast:

(i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants*

Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this First Report was prepared based on the Applicants' management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This First Report should be read in conjunction with the affidavit of Ajay Kochhar, sworn May 12, 2025 (the "**Kochhar Affidavit**") and the affidavit of William E. Aziz, sworn May 16, 2025 (the "**Aziz Affidavit**"), each filed in support of the relief sought by the Applicants under the CCAA. Capitalized terms used but not defined in this First Report shall have the meanings given to such terms in the Kochhar Affidavit and the Aziz Affidavit, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars ("**USD**").

3.0 UPDATE ON CHAPTER 15 PROCEEDINGS

3.1 A hearing is scheduled before the US Bankruptcy Court on May 23, 2025, at which the CRO, in its capacity as foreign representative, shall seek an Order of the US Bankruptcy Court, among other things, recognizing the CCAA Proceedings as "foreign main proceedings" and the giving full force and effect to the CCAA Proceedings, the Initial Order, the ARIO and the Sale Process Order in the United States under Chapter 15 of the United States Bankruptcy Code.

3.2 The Monitor understands that, as of the date of hereof, objections have been filed with the US Bankruptcy Court that remain unresolved, including from the United States Trustee. The Monitor understands that the United States Trustee objects to the recognition of the CCAA Proceedings as either a "foreign main proceeding" or a "foreign nonmain proceeding" with respect to North America OpCo., US SpokeCo and US HubCo. The Monitor's US counsel will attend the hearing, and the Monitor will provide a further update to the Court as part of its next report.

4.0 DIP FACILITIES

4.1 As described in the Aziz Affidavit, the Applicants require financing during the CCAA Proceedings to provide the liquidity necessary to maintain their business as a going concern, preserve value of their assets for their stakeholders and pursue and implement any transactions resulting from the SISP.

4.2 To obtain access to such liquidity, the Applicants negotiated the terms set out in the DIP Term Sheet. The DIP Facility and the process undertaken by the Applicants to secure the

DIP Facility are described in greater detail in the Aziz Affidavit to which the DIP Term Sheet is attached as Exhibit "D".

4.3 The key terms and components of the DIP Term Sheet[1] include the following:

DIP Term Sheet *(Capitalized terms have the meaning ascribed thereto in this First Report or in the DIP Term Sheet, as applicable)*	
Agreement	• Debtor-In-Possession Financing Term Sheet, dated as of May 14, 2025
Borrower	• Li-Cycle Holdings Corp. (Ontario) (the "**Borrower**")
Guarantors	• Li-Cycle Corp. (Ontario) • Li-Cycle Americas Corp. (Ontario) • Li-Cycle U.S. Inc. (Delaware) • Li-Cycle Inc. (Delaware) • Li-Cycle North America Hub, Inc. (Delaware) (collectively, the "**Guarantors**", and together with the Borrower, the "**DIP Loan Parties**")
DIP Lender	• Glencore International AG
Commitment and Use of Proceeds	• Available borrowings in aggregate amount of $10.5 million, made up of: (i) $9 million (increased by up to $1.25 million if the Rochester Option (as defined in the Stalking Horse Agreement) is exercised by Glencore Capital Corporation pursuant to the Stalking Horse Agreement), to: (a) fund the operations of the North American business; (b) facilitate the CCAA Proceedings, including the SISP; and (c) make intercompany loans to Li-Cycle U.S. Inc. and Li-Cycle APAC Pte. (the "**Asian Parent**") (a non-Applicant); (ii) $1.5 million, to fund the operations of Li-Cycle Europe AG (Switzerland) (the "**European Parent**") and Li-Cycle Germany GmbH (Germany) (the "**German Spoke**") (each, a non-Applicant) pursuant to Intercompany Loans
Interest	• 11.3% *per annum* • Additional default interest of 2.0%
Maturity Date	• The earlier of: (i) July 18, 2025; (ii) the closing of a sale of all or any part of the Transferred Assets; (iii) the termination of the CCAA Proceedings; and (iv) the date of acceleration of the DIP Loans pursuant to the DIP Term Sheet.
Cash Flow Covenant	• Tested weekly, on a rolling four-week basis (ending two weeks after the previously ended four-week period), the DIP Loan Parties shall not permit: (i) total disbursements to exceed the Budget by more than 10%; (ii) total professional fees and expenses to exceed the Budget by 10%; and (iii) total collections to be less than 90% of the Budget.

[1] Capitalized terms used in this section and not otherwise defined in the First Report have the meanings given to them in the DIP Term Sheet.

Financial Covenants	• Weekly compliance with the Budget, tested on an aggregate cumulative basis, subject to the Permitted Variance • Minimum unrestricted cash of $0.5 million, tested weekly
Affirmative Covenants	• Affirmative covenants include to: (i) deliver financial statements on a monthly basis, the Budget and the Variance Reports, and other information reasonably requested by the DIP Lender; (ii) participate in weekly calls with legal and financial advisors and relevant members of management and representatives of the Monitor; (iii) provide the DIP Lender with any material information requested by the DIP Lender, acting reasonably and subject to privilege, confidentiality and any restrictions imposed by the SISP Order or any other order of the Court; (iv) maintain the insurance currently in existence with respect to the Collateral; (v) materially comply with all existing commercial arrangements with Glencore Canada Corporation and any affiliate thereof; and (vi) ensure that all disbursements under the Intercompany Loan to the German Subsidiary and Swiss Subsidiary will be paid to Bank Accounts which are pledged as security under the Original Convertible Note.
Negative Covenants	• Negative covenants include not to: (i) transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking except in the ordinary course of their businesses or pursuant to any Intercompany Loans; (ii) create or permit to exist indebtedness for borrowed money other than: (a) indebtedness for borrowed money currently existing; (b) debt contemplated by this DIP Term Sheet; and (c) post-filing trade credit obtained in the ordinary course of business, in accordance with the Budget; (iii) permit any new liens to exist on any Collateral other than the DIP Charge, the Administration Charge, the Directors' Charge, the KERP Charge, the Bid Protections Charge, the Intercompany Charge and Permitted Liens (as defined in the Original Convertible Note (other than liens that are permitted under Section 2(n) of the Original Convertible Note)), or as otherwise permitted pursuant to the Court Orders; (iv) take any action (or support the taking of any action by another person) that has, or may have, a material adverse impact on the rights and interests of the DIP Lender, including, without limitation, any action in furtherance of challenging the validity, enforceability or amount of the obligations owing in respect of the DIP Facility; and (v) except in accordance with the Purchase Agreement or the Sale Process Order, commence, continue or seek any stakeholder or court approval for any sale, restructuring transaction or plan without the prior written consent of the DIP Lender in its sole and absolute discretion.
DIP Collateral	• To be secured by the DIP Charge which shall rank ahead of all other Encumbrances (provided that with respect to the DOE Collateral, the DIP Charge shall rank behind the DOE Security), subject to the Administration Charge, the Directors' Charge, and the KERP Charge (solely as against the KERP Funds).
Events of Default and Remedies	• Events of Default include: (i) the issuance of an order terminating the CCAA Proceedings or the Chapter 15 Proceedings or lifting the stay in the CCAA Proceedings or the Chapter 15 Proceeding to permit the enforcement of any security against the DIP Loan Parties; (ii) the issuance of an order granting a lien of equal or superior status to that of the DIP Charge, other than the Administration Charge, the Directors' Charge and the KERP Charge;

	(iii) failure of any DIP Loan Party to pay any principal, interest, fees or any other amounts, in each case when due and owing under the DIP Term Sheet; (iv) any adverse deviation of more than the Permitted Variance from the amount set forth in the Budget for any Budget Period; (v) failure of any DIP Loan Party to perform or comply in any material respect with any negative covenant or financial covenant in the DIP Term Sheet; (vi) any change of control of any DIP Loan Party, except in accordance with the Purchase Agreement; and (vii) any of the Sellers rescinds or purports to rescind or repudiates or purports to repudiate the Purchase Agreement. • Upon the occurrence and during the continuance of an Event of Default, and subject to the Court Orders, whether or not there is availability under the DIP Facility: (i) without any notice to the Borrower, the Borrower shall have no right to receive any additional DIP Loans or other accommodation of credit from the DIP Lender except in the sole and absolute discretion of the DIP Lender; and (ii) the DIP Lender may immediately terminate the DIP Facility and demand immediate payment of all DIP Obligations (other than contingent indemnification obligations) by providing such a notice and demand to the Borrower, with a copy to the Monitor. • With not less than five (5) Business Days' notice to the Borrower after the occurrence and during the continuance of an Event of Default, the DIP Lender shall have the right to enforce the DIP Charge and to exercise all other rights and remedies in respect of the DIP Obligations and the DIP Charge, including the right to apply for the appointment of a Court-appointed receiver.

4.4 The Monitor notes the following with respect to the DIP Facility:

(i) the terms of the DIP Facility are the result of extensive negotiations between the Applicants, the DIP Lender and their respective advisors, and represent the best terms that the Applicants could negotiate in the circumstances to seek a going concern outcome for their business;

(ii) the Monitor understands that although the Applicants sought alternative debtor-in-possession financing proposals, the Applicants were unable to obtain any proposals that were on terms more favourable than those reflected in the DIP Facility;

(iii) the DIP Facility is conditional upon, among other things, the issuance of the proposed ARIO approving the DIP Facility and granting of the DIP Lender's Charge;

(iv) the DIP Facility, together with the Intercompany Loans contemplated thereby, are projected to provide the Applicants with sufficient liquidity during the CCAA Proceedings to allow the Applicants to stabilize their business while they implement the proposed SISP and will provide liquidity to fund the ongoing operations of the European Parent and the Germany Spoke (both non-Applicants) to allow those entities to remain solvent and avoid a domestic insolvency filing and liquidation, which would be value-destructive for the Applicants and their stakeholders;

(v) the Permitted Variance threshold for the Budget under the DIP Term Sheet is 10%, which is tested weekly on a rolling four-week basis (ending two weeks after the previously ended four-week period). The Monitor intends to closely track the Applicants' receipts, disbursements and professional fee expenses, as against the Budget, to ensure that all parties are aware of any deviations from forecast that could trigger a covenant breach; and

(vi) a portion of the DIP Facility funds are contemplated to be on-lent by Holdings to the European Parent, the Germany Spoke and Li-Cycle APAC Pte. on an unsecured basis. The funds on-lent to the European Parent and the German Spoke are governed by separate DIP Proceeds Intercompany Loan Agreements, the forms of which are attached as Schedule "A" to the DIP Term Sheet. The Monitor understands that the funds being on-lent to the European Parent and the German Spoke will be utilized to fund ongoing operations. The Monitor also understands that the funds being on-lent to Li-Cycle APAC Pte. are expected to be used to pay

employees of Li-Cycle APAC Pte. that perform services that benefit the broader Li-Cycle Group.

4.5 Attached as **Appendix "B"** is a summary of select DIP financing facilities that have recently been approved by this Court in similar CCAA proceedings, including a number of comparable proceedings that included a stalking horse sale process. The Monitor notes that these comparable DIP loans have ranged in size from approximately CAD$1.2 million to CAD$55.0 million, with an average interest rate of 12.5% and incremental fees of 1.7% (commitment fees, exit fees, etc.).

4.6 In comparison, the proposed DIP Facility has an interest rate of 11.3% and contains no other incremental fees. Based on the experience of the Monitor and on the information available to it, the Monitor is of the view that the interest rate and other terms set out in the DIP Term Sheet are reasonable in the circumstances.

4.7 The Monitor understands that the Applicants and the DIP Lender are engaged in negotiations with respect to potential amendments to the DIP Term Sheet. If the parties reach an agreement, a revised DIP Term Sheet will be circulated to the Service List and the Monitor will comment on same in a supplementary report to Court if necessary.

5.0 SISP AND STALKING HORSE AGREEMENT

Stalking Horse Agreement[2]

5.1 The Monitor understands that the Applicants view entering into the Stalking Horse Agreement as beneficial to the objective of the CCAA Proceedings – which is to stabilize and maintain the Applicants' business and to conduct a Court-supervised marketing and sale process for the business and assets of the Li-Cycle Group – as it provides a level of certainty that the Applicants' restructured business can be preserved as a going concern and also sets a "floor" price that bidders in the SISP must bid against.

5.2 The Sellers entered into the Stalking Horse Agreement with the Stalking Horse Bidder, as purchaser, to acquire: (i) substantially all of the assets and business operations of the Applicants, other than US SpokeCo and the other Excluded Assets (as defined below); (ii) the shares of US SpokeCo held by North America OpCo; and (iii) the shares of the European Parent held by Holdings, all on the terms and conditions set forth in the Stalking Horse Agreement. A copy of the Stalking Horse Agreement is attached as Exhibit "E" to the Aziz Affidavit.

5.3 Pursuant to the Sale Process Order, the Applicants seek, among other things: (i) authorization and approval, *nunc pro tunc*, to enter into the Stalking Horse Agreement; (ii) that the Stalking Horse Agreement be approved and recognized as the Stalking Horse Bid under the SISP; and (iii) approval of the Bid Protections in the event the Stalking Horse Bidder is not the Successful Bid under the SISP.

[2] Capitalized terms used in this section and not otherwise defined in the First Report have the meanings given to them in the Stalking Horse Agreement.

5.4 Key terms of the Stalking Horse Agreement are summarized in the table below:

Stalking Horse Agreement *(Capitalized terms have the meaning ascribed thereto in the First Report or in the Stalking Horse Agreement, as applicable)*	
Term (Agreement Citation)	**Detail**
Sellers (Schedule I)	• Asset Sellers are: (i) Li-Cycle North America Hub, Inc. (Delaware); (ii) Li-Cycle Corp. (Ontario); (iii) Li-Cycle Americas Corp. (Ontario); (iv) Li-Cycle U.S. Inc. (Delaware); and (v) Li-Cycle Holdings Corp. (Ontario) • Equity Sellers are: (i) Li-Cycle U.S. Inc. (Delaware); and (ii) Li-Cycle Holdings Corp. (Ontario) • Intellectual Property Seller is: Li-Cycle Corp. (Ontario)
Buyer (Recitals)	• Glencore Canada Corporation (the "**Buyer**")
Transaction, Transferred Equity Interests and Transferred Assets (Section 1.1)	• 100% of the outstanding equity interests of Li-Cycle Inc. and Li-Cycle Europe AG[3] (the "**Transferred Equity Interests**") and substantially all of the assets of the Asset Sellers except for the Excluded Assets (the "**Transferred Assets**"), and the assumption of the Assumed Liabilities
Purchase Price (Section 3.2)	• Purchase Price comprised of: (i) $40,000,000 (the "**Credit Bid Amount**"), *plus* (ii) the assumption by Buyer of the other Assumed Liabilities, *plus* (iii) the Purchase Price Cash Component[4], *plus* (iv) the Carve-out Condition Amount[5]. • The Credit Bid Amount shall be paid by means of a credit against, first, all amounts owing under the DIP Term Sheet and, second, the principal amount of the Glencore Secured Convertible Note

[3] Prior to Closing, the equity interests of Li-Cycle Norway AS, Li-Cycle United Kingdom Ltd. and Li-Cycle Frans SARL, Li-Cycle Hungary Kft, all non-Applicants will be transferred to Holdings and will not be transferred to the Buyer.

[4] "**Purchase Price Cash Component**" means an amount of cash sufficient to satisfy all accrued but unpaid amounts, as of the time of Closing, that are secured by a charge provided by the Initial Order, the Amended and Restated Initial Order or the Sale Process Order.

[5] "**Carve-out Condition Amount**" means the amount determined in accordance with Section 8.1(i) of the Sellers' Disclosure Schedule. The amount has not yet been determined.

Excluded Assets (Section 2.4)	• Excluded Assets include: (i) the Excluded Contracts; (ii) accounts receivable to the extent arising out of any Excluded Asset; (iii) all Claims that the Sellers may have against any Person (other than Buyer and its Affiliates) with respect to any Excluded Assets; (iv) the Sellers' directors and officers liability insurance policies, if any; (v) all executive or incentive compensation, bonus, deferred compensation, pension, profit sharing, severance, retirement, savings, retirement, stock option, stock purchase, group life, health or accident insurance or other Benefit Plan; and (vi) all cash, commercial paper, treasury bills and other cash equivalents and liquid investments. • At any time prior to the Closing Date, Buyer may, by written notice to the Sellers and the Monitor, designate any of the Transferred Assets as additional Excluded Assets, with no change to the Purchase Price • The Purchase Price may be increased as follows if Buyer designates as Excluded Assets: (i) substantially all of the assets in or at the Rochester Hub (the "**Total Rochester Option**"), then the Purchase Price shall be increased by $1.25 million; or (ii) any portion of the Owned Real Property on (a) the lands subject to the Ground Lease Agreement, or (b) located on the lands subject to that certain Amended and Restated Ground Sublease Agreement (the "**Partial Rochester Option**"), then the Purchase Price shall be increased by the reasonable, out-of-pocket costs of Sellers associated with the liquidation of the excluded assets up to a maximum of $1,250,000, (together referred to as the "**Rochester Option**").
Assumed Liabilities (Section 2.5)	• Assumed Liabilities include: (i) all liabilities arising under the Assumed Contracts following Closing; (ii) the Cure Amounts; (iii) all Debt set forth on the Sellers' Disclosure Schedule; (iv) the Assumed Debt Obligations; and (v) all Accrued Wages with respect to Hired Employees.
Expense Reimbursement and Break Fee (Section 7.2)	• In the event that an Alternative Transaction is selected as the Successful Bid in accordance with the SISP, Buyer shall be entitled to: (i) the Break Fee of $1,000,000; and (ii) the Expense Reimbursement of $200,000 • The Monitor also notes that there is a $500,000 minimum overbid amount included in the SISP
Mutual Release (Section 3.1)	• Buyer and the Sellers shall execute a mutual release agreement whereby the Buyer, on the one hand, and the Sellers, on the other hand, agree to waive, release and discharge, effective at the time of Closing, all Claims against the other and their respective Representatives and related parties (other than those claims for repayment under the Glencore Secured Convertible Note, the First A&R Note or the Second A&R Note and subject to certain other customary exceptions)
Outside Date (Section 9.1)	• July 18, 2025

Closing Conditions (Article VIII)	• Closing conditions include: (i) the DIP Term Sheet shall have been approved by the CCAA Court in form and substance acceptable to Buyer; (ii) there shall be no pending challenge or contest to the validity, amount, perfection or priority of the Credit Documents or other Claims of Buyer thereunder that would prevent or otherwise limit Buyer's ability to credit bid; (iii) the SISP shall have been conducted in accordance with its terms and the terms of the SISP Order; (iv) no event of default shall have occurred under the DIP Facility; (v) all shares or other equity interests in all Carve-Out Entities shall have been validly transferred to Li-Cycle Holdings Corp.; (vi) the Court shall have granted the Approval and Vesting Order by no later than July 7, 2025; (vii) the U.S. Court shall have entered the AVO Recognition and Section 363 Order by no later than July 16, 2025; and (viii) the ICA Approval shall have been received.
Termination (Section 9.1)	• The Stalking Horse Purchase Agreement may be terminated at any time prior to the Closing: (i) by mutual agreement of the Sellers and Buyer; (ii) there shall have been a breach by the Sellers of any of their representations, warranties, covenants or agreements contained in the Stalking Horse Purchase Agreement, which shall not have been cured by the earlier of (a) July 18, 2025, or (b) five (5) Business Days after written notice thereof shall have been received by the Sellers from Buyer; (iii) there is a breach or event of default under the DIP Term Sheet; (iv) if the CCAA Proceedings are terminated; or (v) if Li-Cycle Holdings Corp., or any other Seller, enters into a definitive agreement with respect to an Alternative Transaction or the Court or the Bankruptcy Court otherwise approves an Alternative Transaction.

5.5 The Monitor notes that the Stalking Horse Agreement provides for a potential increase of the Purchase Price by up to $1.25 million (the "**Incremental Winddown Amount**"), if the Buyer elects to exercise the Rochester Option (thereby designating certain material assets as additional Excluded Assets under the Stalking Horse Agreement), with the intention that such funds be used to wind down all or part of the Rochester Hub and the Restructuring Proceedings. The Monitor notes that the Budget also includes $500,000 (anticipated to be funded to the Applicants at the end of the Budget forecast period), which amount the Monitor understands is intended to be used to wind down the Restructuring Proceedings

(the "**Winddown Reserve**"). The Monitor also notes that the Stalking Horse Agreement contemplates that the Buyer may designate any Purchased Asset (not limited to those relating to the Rochester Hub) as an Excluded Asset prior to Close, which may result in an increase in the costs to wind down the Restructuring Proceedings.

5.6 The Monitor is reviewing the sufficiency of these proposed wind down amounts and will provide an update to the Court at the appropriate time if necessary.

5.7 The Monitor understands that the Applicants and the Buyer are engaged in negotiations with respect to potential amendments to the Stalking Horse Agreement. If the parties reach an agreement, a revised Stalking Horse Agreement will be circulated to the Service List and the Monitor will comment on same in a supplementary report to Court if necessary.

Pre-Filing Marketing Process

5.8 The SISP has been developed as a re-canvassing of the market following a broad pre-filing marketing process conducted by the Applicants with the assistance of Moelis & Company ("**Moelis**"), an investment banking firm previously engaged by the Li-Cycle Group to identify additional funding or strategic alternatives (the "**Pre-Filing Marketing Process**").

5.9 As described in the Aziz Affidavit, the Pre-Filing Marketing Process was commenced by the Applicants and Moelis in late November, 2023 under the guidance of a Special Committee of independent directors of Holdings, and consisted of two marketing processes:

(i) during the initial process from November 2023 to February 2024, 144 potential strategic and financial investors were contacted, 57 of whom executed non-

disclosure agreements (each, an "**NDA**") and were granted access to a data room. The Li-Cycle Group and Moelis conducted over 50 management presentations and facilitated extensive due diligence. The Applicants determined to proceed with the $75 million secured advance from Glencore at the conclusion of this initial process; and

(ii) during the period from November 2024 to February 2025, the Li-Cycle Group and Moelis conducted a second process, during which 149 parties were contacted (including parties that participated in the initial process, together with a group of new parties), of which 52 executed an NDA and were granted access to the data room which had continued to be updated by Moelis and the Li-Cycle Group. During this second marketing process, the Li-Cycle Group conducted an additional 22 management presentations.

5.10 The Monitor understands that notwithstanding the lengthy Pre-Filing Marketing Process, and the extensive efforts of Moelis and the Li-Cycle Group, the Li-Cycle Group was ultimately not able to execute a viable transaction or obtain sufficient additional investment, and efforts with Moelis were paused in late February 2025.

Overview of the SISP[6]

5.11 Pursuant to the Sale Process Order, the Applicants are also seeking, among other things, approval of the SISP.

[6] Capitalized terms used in this section of the First Report and not otherwise defined herein have the meanings ascribed to them in the proposed SISP.

5.12 The SISP contemplates a two-phase process that will be administered by the Applicants and the Financial Advisor, under the supervision of the Monitor, with Phase 1 and Phase 2 being a combined 46 days. The SISP commenced on May 12, 2025 in order to maximize the marketing period given the Applicants' limited liquidity. It is proposed that the Stalking Horse Agreement will act as the Stalking Horse Bid and will be subject to better and higher offers that may be received during the SISP.

5.13 The SISP is intended to solicit interest in opportunities to acquire all, substantially all, or a portion of the Property (each, a "**Sale Proposal**"), or a recapitalization, arrangement, or other form of investment in or reorganization of the Business (each, an "**Investment Proposal**") from Qualified Bidders, as a going concern or otherwise (the "**Opportunity**").

5.14 The key terms and milestones contemplated by the SISP are set out in **Appendix "C"**.

5.15 The Financial Advisor, with the assistance of the Applicants and the Monitor, has contacted 157 potential bidders, including 88 strategic buyers and 69 financial sponsors (collectively, the "**Known Potential Bidders**") to whom it has sent a Teaser Letter describing the Opportunity and an NDA. As of May 20, 2025, 23 parties have executed an NDA and have been provided with a confidential information memorandum (the "**CIM**") and granted access to an electronic data room (the "**Data Room**"). The Monitor has assisted and supervised the Financial Advisor on the launch of the SISP and will continue to do so throughout the process.

<u>General Comments Regarding the SISP and the Stalking Horse Agreement</u>

5.16 The SISP timeline was negotiated among the Applicants, the Financial Advisor, and the Stalking Horse Bidder in consultation with the Monitor with consideration to the

efficiencies that can be leveraged from the Pre-Filing Marketing Process. The SISP and its timeline is a requirement of the DIP Lender providing the DIP Facility.

5.17 The SISP provides the flexibility for the Monitor to modify, amend, vary or supplement the provisions, terms or conditions of the SISP, in order to give effect to the substance of the SISP or the Sale Process Order, without the need for obtaining an order of the Court. Subject to any order of the Court, the dates set out in the SISP may be extended by the Applicants in consultation with the Financial Advisor, with the consent and approval of the Monitor and the Stalking Horse Bidder.

5.18 The Monitor has considered and supports the relief sought by the Applicants pursuant to the proposed Sale Process Order for the following reasons:

(i) the Monitor is of the view that the SISP is commercially reasonable and has been designed to maximize value through a competitive bidding process, and to provide greater certainty of a going concern outcome for the business should the SISP not produce a superior result to the Stalking Horse Agreement;

(ii) although the timelines included in the proposed SISP are condensed, the Monitor is of the view, given the Pre-Filing Marketing Process and the steps that have been taken to date, that SISP participants will have been provided sufficient time to review the Opportunity and submit a non-binding LOI (25 days) or a binding Bid (46 days in aggregate). Of note, the Financial Advisor commenced the SISP on May 12, 2025 with fully prepared materials supporting the SISP (i.e., the Teaser Letter, the NDA, the list of Known Potential Bidders, and a populated Data Room);

(iii) the Monitor has compared the Bid Protections, which represent 3% of the Purchase Price (excluding the value of assumed liabilities) to other stalking horse break fees and expense reimbursements approved by this Court in similar proceedings, and based on the Monitor's review, the Bid Protections appear to be reasonable in the circumstances and typical for a transaction of this size and complexity; and

(iv) the Monitor does not believe the creditors of the Applicants would be materially prejudiced by the Stalking Horse Agreement or the SISP.

5.19 The Monitor understands that the Applicants are engaged in negotiations with respect to potential amendments to the SISP. If the Applicants revise the SISP, the revised version will be served on the Service List and the Monitor will comment on same in a supplementary report to Court if necessary.

Glencore Prefiling Debt and Security

5.20 The Monitor notes that the Stalking Horse Agreement contemplates a credit bid of a portion of the Glencore Secured Convertible Note (as defined below) (in addition to the DIP Facility).

5.21 As further described in the Kochhar Affidavit and the Pre-Filing Report, Holdings issued to Glencore Ltd. ("**Glencore Intermediate**") an unsecured convertible note in the aggregate principal amount of $200 million (the "**Original Convertible Note**"), pursuant to a Note Purchase Agreement dated May 5, 2022. Holdings paid interest due and payable in-kind under the Original Convertible Note through the issuance of three additional unsecured convertible notes in the aggregate principal amount of $25,357,584.66 (the "**PIK Notes**").

5.22 On March 21, 2024, Glencore Intermediate assigned the Original Convertible Note and PIK Notes to Glencore Canada Corporation (in such capacity, the "**Noteholder**"), pursuant to a Master Assignment and Assumption Agreement dated as of March 21, 2024.

5.23 On March 25, 2024, Holdings issued to the Noteholder a secured convertible note in the aggregate principal amount of $75 million (as amended and restated, the "**Glencore Secured Convertible Note**"), pursuant to the Amended and Restated Note Purchase Agreement dated March 25, 2024 (as amended and restated, the "**Note Purchase Agreement**"). The Glencore Secured Convertible Note is guaranteed by the Canadian Note Parties[7], the U.S. Note Parties[8] and Li-Cycle Europe AG and Li-Cycle Germany GmbH.

5.24 As security for the Glencore Secured Convertible Note, among other things: (i) the Canadian Note Parties granted to Glencore Canada Corporation, as collateral agent (in such capacity, the "**Glencore Collateral Agent**"), for the benefit of itself and the Noteholder, a general security interest in all of their present and after acquired personal property, subject to certain exclusions, pursuant to the Canadian Security Agreement dated March 25, 2024 (the "**Canadian Glencore Secured Convertible Note GSA**"); and (ii) the U.S. Note Parties granted to the Glencore Collateral Agent, for the benefit of itself and the Noteholder, a general security interest in all of their present and after acquired personal property, subject to certain exclusions, pursuant to the U.S. Pledge and Security Agreement dated March 25, 2024 (the "**U.S. Glencore Secured Convertible Note GSA**", and together

[7] "**Canadian Note Parties**" means Holdings, Li-Cycle Corp. and Li-Cycle Americas Corp.

[8] "**U.S. Note Parties**" North America OpCo, US SpokeCo and US HubCo.

with the Canadian Glencore Secured Convertible Note GSA, the "**Glencore Secured Convertible Note Security Documents**").

5.25 Also on March 25, 2024, pursuant to the Note Purchase Agreement, the Original Convertible Note, the PIK Notes, and a fourth additional unsecured convertible note issued on March 25, 2024 in the aggregate principal amount of $5,809,217.74, were amended and restated into an unsecured convertible note in the aggregate principal amount of $116,551,170.40 (as amended and restated, the "**First A&R Note**") and an unsecured convertible note in the aggregate principal amount of $114,615,632.00 (as amended and restated, the "**Second A&R Note**").

5.26 The First A&R Note and the Second A&R Note each provide that, on the occurrence of certain trigger events (each, a "**Modification Date**"), among other things, they shall become secured by a general security interest in all of the present and after acquired personal property of the Canadian Note Parties and the U.S. Note Parties, subject to certain exclusions.

5.27 On December 9, 2024, the Modification Date under the First A&R Note occurred and: (i) the Canadian Note Parties granted to the Noteholder a general security interest in all of their present and after acquired personal property, subject to certain exclusions, pursuant to the Canadian Security Agreement dated December 9, 2024 (the "**Canadian First A&R Note GSA**"); and (ii) the U.S. Note Parties granted to the Noteholder a general security interest in all of their present and after acquired personal property, subject to certain exclusions, pursuant to the U.S. Pledge and Security Agreement dated January 13, 2025 (the "**U.S. First A&R Note GSA**", and together with the Canadian First A&R Note GSA,

the "**First A&R Note Security Documents**", and together with Glencore Secured Convertible Note Security Documents, the "**Glencore Prefiling Security Documents**"). As of the date of this First Report, the Modification Date under the Second A&R Note has not yet occurred and, as a result, the Second A&R Note remains unsecured.

5.28 As further described in the Kochhar Affidavit, key terms and components of the Glencore Secured Convertible Note, the First A&R Note, and the Glencore Prefiling Security Documents include the following:

Glencore Prefiling Security Documents *(Capitalized terms have the meaning ascribed thereto in this First Report or in the applicable Glencore Prefiling Security Document, as applicable)*	
Notes	• Glencore Secured Convertible Note • First A&R Note
Issuer	• Li-Cycle Holdings Corp. (Ontario)
Guarantors	• Li-Cycle Corp. (Ontario), Li-Cycle Americas Corp. (Ontario), Li-Cycle U.S. Inc. (Delaware), Li-Cycle Inc. (Delaware), Li-Cycle North America Hub, Inc. (Delaware), Li-Cycle Europe AG (Switzerland) and Li-Cycle Germany GmbH (Germany)
Investors	• Glencore Canada Corporation, as Collateral Agent under the Glencore Secured Convertible Note (the "**Glencore Collateral Agent**") • Glencore Canada Corporation, as noteholder under the Glencore Secured Convertible Note and the First A&R Note (the "**Noteholder**")
Committed Securities	• $75,000,000 under the Glencore Secured Convertible Note • $116,551,170.40 under the First A&R Note
Interest	• SOFR + 5% if interest is cash paid • SOFR + 6% if interest is paid in kind
Maturity Date	• March 25, 2029 under the Glencore Secured Convertible Note • December 9, 2029 under the First A&R Note
Conversion Rights	• Convertible at the Noteholder's option at any time from time to time • Glencore Secured Convertible Note convertible at price of $0.53 per common share, subject to certain adjustments • First A&R Note convertible at price of the lesser of (i) the amount determined on the basis of a volume weighted average per share price of the common shares for thirty (30) trading days ending immediately prior to December 9, 2024, plus a 25% premium, and (ii) $9.95 per common share, subject to certain adjustments
Security	• In respect of the Glencore Secured Convertible Note: (i) the Canadian Note Parties granted liens to the Glencore Collateral Agent on a first priority basis on substantially all of the tangible and intangible assets of

	such Canadian Note Party, including all equity interests of Li-Cycle Corp., Li-Cycle Americas Corp., and Li-Cycle Europe AG (other than Excluded Assets), pursuant to the Canadian Glencore Secured Convertible Note GSA; and (ii) the U.S. Note Parties granted liens to the Glencore Collateral Agent on a first priority basis on substantially all of the tangible and intangible assets of such U.S. Note Parties, including all equity interests of the U.S. Note Parties (other than Excluded Assets), pursuant to the U.S. Glencore Secured Convertible Note GSA • In respect of the First A&R Note: (i) the Canadian Note Parties granted liens to the Noteholder on a first priority basis on substantially all of the tangible and intangible assets of such Canadian Note Party, including all equity interests of Li-Cycle Corp., Li-Cycle Americas Corp., and Li-Cycle Europe AG (other than Excluded Assets), pursuant to the Canadian First A&R Note GSA; and (ii) the U.S. Note Parties granted liens to the Noteholder on a first priority basis on substantially all of the tangible and intangible assets of such U.S. Note Parties, including all equity interests of the U.S. Note Parties (other than Excluded Assets), pursuant to the U.S. First A&R Note GSA
Excluded Assets	• In respect of the Canadian Glencore Secured Convertible Note GSA and the Canadian First A&R Note GSA, an Excluded Asset includes "Project Loan Collateral, in accordance with the terms of an applicable Project Financing Intercreditor Agreement" • In respect of the U.S. Glencore Secured Convertible Note GSA and the U.S. First A&R Note GSA, an Excluded Asset includes "from and after the closing of any Project Financing, (i) the applicable Project Loan Collateral (unless and to the extent a Project Financing Intercreditor Agreement shall have been entered into by and among the applicable Project Lender, the Collateral Agent and the Issuer)"[9]
Subordination & Intercreditor Arrangements	• Pursuant to the Note Purchase Agreement, (i) upon the closing of Project Financing, the liens on any property of any Canadian Note Party or U.S. Note Party that constitutes Project Loan Collateral granted to, or held by, the Glencore Collateral Agent[10] shall automatically, unconditionally, immediately and irrevocably be subordinated to the liens on such Project Loan Collateral that are granted to or held by the Project Lender in connection with any Project Financing, subject to the proceeding clause (ii) and (iii); (ii) in the event that the Project Lender, the Glencore Collateral Agent and the Noteholder are unable to reach agreement on the terms of an intercreditor agreement that is acceptable to the Project Lender, the liens granted to or held by the Glencore Collateral Agent on the Project Loan Collateral shall be automatically, unconditionally, immediately and irrevocably released; and

[9] "**Project Loan Collateral**" includes any assets of the Canadian Note Parties or U.S. Note Parties that are required to be pledged pursuant to definitive documentation entered into with the U.S. Department of Energy or the Federal Financing Bank (each, a "**Project Lender**") in connection with any Project Financing.

[10] Pursuant to the First A&R Note Security Documents, notwithstanding anything in the First A&R Note Security Documents or the First A&R Note to the contrary, the Noteholder will release any lien granted to or held by the Noteholder upon any Collateral in accordance with the Note Purchase Agreement.

	(iii) if Li-Cycle Holdings Corp. determines in good faith that the Glencore Collateral Agent, the Noteholder and the Project Lender have not reached agreement on the terms of an intercreditor agreement that is acceptable to the Project Lender and that continued negotiation of such intercreditor agreement could reasonably be expected to delay or impede the ability of the U.S. Note Parties to obtain Project Financing, Li-Cycle Holdings Corp. may deliver written notice of such determination to the Glencore Collateral Agent and the Noteholder and unless a Project Financing Intercreditor Agreement is agreed between Glencore Canada Corporation and the Project Lender within five (5) Business Days of the date of such notice, the liens granted to, or held by, the Glencore Collateral Agent or the Noteholder on the Project Loan Collateral shall be automatically, unconditionally, immediately and irrevocably released • Pursuant to that certain intercreditor agreement dated as of December 9, 2024, the liens securing the obligations owing under the Glencore Secured Convertible Note shall rank *pari passu* with the liens securing the obligations owing under the First A&R Note[11]
Paramountcy	• Pursuant to the Note Purchase Agreement, in the event of any conflict or inconsistency between the Note Purchase Agreement and any other Transaction Document (other than an Intercreditor Agreement), the terms of the Note Purchase Agreement shall govern and control

5.29 As the Stalking Horse Purchase Agreement contemplates a credit bid of a portion of the Glencore Secured Convertible Note, the Monitor is in the process of obtaining customary legal opinions from Canadian and US counsel regarding the security granted by the Applicants in connection with the Glencore Prefiling Security Documents. The Monitor will provide a further update to the Court in a future report once such opinions have been rendered, but the Monitor is not currently aware of any material issues that would alter the Monitor's recommendations herein.

6.0 AMENDED AND RESTATED INITIAL ORDER

Pre-Filing Payments

6.1 The proposed ARIO permits the Applicants to pay, with the consent of the Monitor and in accordance with the DIP Term Sheet and the Updated Cash Flow Forecast, certain

[11] The Monitor understands that neither the closing with funding of the Project Financing nor the deadline for reaching agreement on the terms of an intercreditor agreement that is acceptable to the Project Lender, in each case as referred to in the Note Purchase Agreement, have occurred.

suppliers for expenses incurred prior to the Filing Date. The Monitor intends to work closely with the Applicants to ensure that only the most critical suppliers, if any, receive payments in respect of their pre-filing amounts.

6.2 The Monitor considered the following to assess the reasonableness of the above requested relief:

(i) the intended outcome of the CCAA Proceedings is to complete the sale transaction contemplated by the Stalking Horse Agreement, or an alternative transaction that may result from the SISP. As such, to stabilize and maintain the Applicants' business and to preserve the value of the Applicants' assets, which could potentially impact a going concern outcome, the Monitor is of the view that the payment of certain pre-filing amounts is reasonable in the circumstances; and

(ii) the Monitor's consent will be required before any such proposed payment may be made, with such payments conforming with the DIP Term Sheet.

Extension of the Stay Period

6.3 Pursuant to the Initial Order, the current Stay Period is set to expire on May 22, 2025. The Applicants are seeking an extension of the Stay Period to and including July 7, 2025, which coincides with the date for Court-approval of a Successful Bid, as set out in the SISP.

6.4 The Monitor supports the Applicants' motion to extend the Stay Period for the following reasons:

(i) it will provide the Applicants with the ability to continue to stabilize and maintain their business while running the proposed SISP through which the Applicants anticipate a going concern outcome for all or a large portion of their business;

(ii) the Applicants are projected to have sufficient liquidity through to the end of the proposed extended Stay Period; and

(iii) the Applicants continue to act in good faith and with due diligence.

7.0 UPDATED CASH FLOW FORECAST

7.1 The Applicants have prepared an updated cash flow forecast (the "**Updated Cash Flow Forecast**") for the ten-week period ending July 25, 2025 (the "**Cash Flow Period**"). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") and management's report on the cash-flow statement required by section 10(2)(b) of the CCAA are attached hereto as **Appendices "D"** and **"E"**, respectively.

7.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Updated Cash Flow Forecast	*($000's USD)*
Receipts	**1,729**
Disbursements	
Operating and Holding Costs	2,702
Occupancy Costs	1,412
Salaries and Benefits	2,002
Professional Fees	7,073
KERP Pre-Funding	1,300
Wind Down Reserve	500
DIP Interest & Fees	72
Total Disbursements	**15,062**
Net Cash Flow	**(13,333)**
Cash Balance, Opening	4,887
Net Cash Flow	(13,333)
DIP Facility Draws, net	8,946
Ending Cash Balance	**500**
Ending DIP Facility	**8,946**

7.3 The Monitor notes the following with respect to the Updated Cash Flow Forecast:

(i) receipts include the collection of existing accounts receivable and forecast sales of on-hand black mass and shredded metal;

(ii) occupancy and holding costs include rent, security, maintenance and other disbursements required to maintain and secure the Applicants' facilities, which for the most part are in care and maintenance;

(iii) salaries and benefits include payroll, benefits and taxes for remaining employees in the U.S. and Canada;

(iv) professional fees include the fees of the Applicants' Canadian and US legal counsel, the Monitor, the Monitor's Canadian and US counsel, the Financial Advisor, the CRO, the CFO and other professionals; and

(v) the Applicants intend to transfer funds to a trust account held by the Monitor (should the Court grant the ARIO as sought) for the KERP Participants.

7.4 During the Cash Flow Period, net cash flows are projected to be approximately negative $13.3 million, which is projected to be sufficiently funded by: (a) cash-on-hand; and (b) draws on the DIP Facility, which is forecast to peak during the Cash Flow Period at approximately $8.9 million.

7.5 Based on the Monitor's review,[12] nothing has come to its attention that causes it to believe, in all material respects, that:

(i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast;

(ii) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or

(iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

[12] The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by the Applicants and key members of the Applicants' management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast.

7.6 The Updated Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

8.0 INTERCOMPANY ARRANGEMENTS DURING THE CCAA PROCEEDINGS

8.1 In the ordinary course of their operations, certain of the Applicants are party to a number of intercompany transactions within the Li-Cycle Group (the "**Operating Intercompany Transactions**"). The Monitor understands that the Operating Intercompany Transactions consisted primarily of the following:

(i) prior to the pausing of the operations of North America Opco and US SpokeCo on May 1, 2025, North America Opco sourced and purchased the inventory that was then processed by US SpokeCo, the products of which were then, in turn, sold by North America Opco;

(ii) patents and patent applications owned by Li-Cycle Corp. have been licensed to North America Opco, as well as each of the European Parent and the Asian Parent pursuant to non-exclusive, revocable, royalty-bearing, non-assignable intellectual property license agreements. Each of North America OpCo, the European Parent, and the Asian Parent have, in turn, entered into separate non-exclusive, revocable, royalty-free, non-assignable intellectual property sub-license agreements with certain of their respective subsidiaries, in the case of North America OpCo, its subsidiaries being other Applicants;

(iii) the organization structure of the Li-Cycle Group is such that certain of the entities perform activities that benefit the other entities on a regional and global scale. To facilitate this structure, the Li-Cycle Group entities have entered into a series of

intercompany services transactions that align activities performed with the ultimate beneficiary of such activities. These intercompany services are comprised of engineering and other shared services that include labour related costs, overhead costs, and various third-party expenses; and

(iv) as described in the Kochhar Affidavit, the majority of the cash and cash equivalents of the Li-Cycle Group are held by Holdings. Accordingly, in the ordinary course, Holdings funds the operations and expenses of the other Applicants, as well as certain of the non-Applicant subsidiaries.

8.2 The Operating Intercompany Transactions are funded through intercompany accounts payable, loans and through equity contributions by Holdings from time to time, and the Li-Cycle Group utilizes a transfer pricing policy (the "**Transfer Pricing Policy**") to record the Operating Intercompany Transactions. The Monitor understands the Li-Cycle Group has engaged Deloitte as its advisor to conduct a transfer pricing analysis of the Operating Intercompany Transactions.

8.3 The following table sets out the intercompany balances of the Applicants, based on the books and records of the Applicants at April 30, 2025:

Li-Cycle Group Intercompany Balances (Excluding Intercompany Loans) at April 30, 2025		
Owed By	**Owed To**	**Net Amount ($)**
U.S. Applicants	Canadian Applicants	43,223,404
Canadian Applicants	Non-Applicant	4,852,403
U.S. Applicants	Non-Applicant	2,701,945

8.4 In addition to the above, Holdings has also made non-interest-bearing intercompany advances to the European Parent in the aggregate amount of $29.65 million based on the books and records of the Li-Cycle Group at April 30, 2025.

8.5 The Initial Order authorizes the Applicants (each, an "**Intercompany Lender**") to loan, and the other Applicants (each, an "**Intercompany Borrower**") to borrow, such amounts from time-to-time, with the approval of the Monitor, as considered necessary or desirable, on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the Initial Order (the "**Intercompany Advances**"), up to an aggregate of $1 million. The proposed ARIO removes the $1 million limit on Intercompany Advances, requiring only that the Intercompany Advances be made on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

8.6 The Monitor will monitor the Intercompany Advances that occur during the CCAA Proceedings and will provide regular updates to the Court in respect of same.

9.0 KEY EMPLOYEE INCENTIVE PLAN

9.1 In order to facilitate and encourage the continued participation of senior and operational management and other key employees during the CCAA Proceedings, the Applicants are seeking approval of: (i) the KERP, which includes 25 employees who are considered by the Applicants to be critical to the successful completion of the SISP and the CCAA Proceedings (the "**KERP Participants**"); and (ii) the granting of the KERP Charge (as defined below) to secure the payments anticipated to become due under the KERP.

9.2 The proposed KERP provides for retention bonuses calculated as a percentage of the KERP Participants' annual salary, totalling approximately $1.3 million in the aggregate across the

KERP Participants (comprised of CAD$869,973.92 and $672,075.46) (the "**KERP Employee Funds**")[13].

9.3 The individual KERP amounts (the "**KERP Amounts**") are earned by the KERP Participants upon the date that is the earliest of:

(i) July 31, 2025;

(ii) the KERP Participant's termination, without cause; or

(iii) the consummation of a transaction that: (a) effectuates a recapitalization or restructuring of a material portion of the Li-Cycle Group's outstanding indebtedness; or (b) involves an acquisition, merger, or other business combination pursuant to which a majority of the business, equity, or operating assets of the Li-Cycle Group is sold, purchased, or combined with another entity or company.

9.4 The KERP is attached (without Schedule A to the KERP) as Exhibit "G" to the Aziz Affidavit. An unredacted version of Schedule A to the KERP, which provides KERP Amounts by KERP Participant has been filed as Confidential Exhibit "H" to the Aziz Affidavit, which the proposed ARIO provides shall be sealed, kept confidential, and not form part of the public record pending further order of the Court.

9.5 As part of its review and consideration of the KERP, the Monitor examined key employee retention plans and key employee incentive plans that have previously been approved by the Court in similar proceedings. The Monitor supports the approval of the proposed

[13] In addition to the KERP, prior to the commencement of the CCAA Proceedings the Applicants paid approximately $83,000 in retention payments to seven employees who are KERP Participants as incentive to their continued participation to assist the Applicants in the preparation leading up to the Filing Date.

KERP, the granting of the KERP Charge and the filing of Confidential Exhibit "H" to the Aziz Affidavit under seal, as:

(i) the KERP will provide stability to the business and assist in facilitating the successful completion of the CCAA Proceedings by incentivizing the retention of the KERP Participants;

(ii) the KERP Participants are considered by the Applicants, in exercising their business judgement, to be crucial to maximizing realizations in the CCAA Proceedings for the benefit of the Applicants' stakeholders;

(iii) the terms of the KERP and the quantum of the payments expected to be made thereunder are reasonable both in the circumstances and when compared to other key employee retention plans previously approved by the Court; and

(iv) Confidential Exhibit "H" to the Aziz Affidavit contains personal and sensitive information including the names and remuneration of individual employees, which may cause harm to the applicable employees should such information be made available to the public.

10.0 COURT ORDERED CHARGES

10.1 The proposed ARIO and Sale Process Order provide for charges (the "**Charges**") on the Property, each as described below, in the following maximum amounts and order of priority:

Proposed Charges & Priorities		*$000's*
1.	Administration Charge	$2,500
2.	Directors' Charge	$450
3.	KERP Charge (solely as against the KERP Funds)	*as described below*
4.	DIP Lender's Charge	$10,500
5.	Transaction Fee Charge	$1,000
6.	Intercompany Charge	*as described below*
7.	Bid Protections Charge	$1,200

10.2 The ARIO and Sale Process Order, as applicable, provide that the Charges are to rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any person; provided, however, the DIP Lender's Charge shall rank behind the DOE Security with respect to the DOE Collateral.

Administration Charge

10.3 The Initial Order provides for a first ranking charge over the Property in an amount not to exceed $2.0 million to secure the fees of the Monitor, counsel to the Monitor in Canada and the United States, counsel to the Applicants in Canada and the United States, the Financial Advisor, the CRO for its monthly work fee as described in the CRO Engagement Letter, and the CFO. The Applicants are seeking an increase in the amount of the Administration Charge to $2.5 million in the ARIO.

10.4 The Monitor assisted the Applicants in the calculation of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, potential work involved at peak times and the size of charges approved in similar sized proceedings.

Directors' Charge

10.5 The proposed ARIO provides for a charge on the Property in the amount of $450,000 as security for any such obligations or liabilities arising after the commencement of the CCAA Proceedings, which is consistent with that of the Initial Order.

10.6 Additional information regarding the Directors' Charge, including the Monitor's view of same are provided in the Pre-Filing Report.

KERP Charge

10.7 The proposed ARIO approves the payment to the Monitor by the Applicants of:

(i) the KERP Employee Funds, for the benefit of the KERP Participants; and

(ii) $113,000 (the "**Maplebriar Work Fee Funds**"), as security for the monthly work fee (the "**Maplebriar Work Fee**") contemplated by the Maplebriar Engagement Letter.

10.8 The proposed ARIO provides for a court-ordered charge (the "**KERP Charge**") solely over the KERP Employee Funds, for the benefit of the KERP Participants, and the Maplebriar Work Fee Funds (together with the KERP Employee Funds, the "**KERP Funds**"), for the benefit of Maplebriar, and authorizes the Applicants to pay the KERP Funds to the Monitor to be held for the benefit of the KERP Participants and Maplebriar as specified therein.

10.9 In the Monitor's view, the quantum of the KERP Charge is reasonable both in the circumstances and when compared to other key employee retention plans approved by this Court in the past. The Maplebriar Work Fee Funds are included in the KERP Charge to

reflect that Ajay Kochhar, who was the Applicants' President and CEO until May 14, 2025 is now a consultant to the Applicants. The Monitor supports the granting of the KERP Charge.

Transaction Fee Charge

10.10 The proposed ARIO provides for a charge (the "**Transaction Fee Charge**") on the Property, which shall not exceed an aggregate amount of $1 million. The Transaction Fee Charge is for the benefit of the CRO, in respect of the Restructuring Fee, and Maplebriar, in respect of the Maplebriar Restructuring Fee (each as described in the Pre-Filing Report). The Monitor supports the granting of the Transaction Fee Charge.

Intercompany Charge

10.11 Consistent with the Initial Order, the proposed ARIO also provides for the Intercompany Charge for the benefit of each Intercompany Lender on the Property of the applicable Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower during the CCAA Proceedings. The proposed ARIO provides that the Applicants are not permitted to make an Intercompany Advance without the approval of the Monitor.

10.12 In the Monitor's view, the Intercompany Charge is required and reasonable in the circumstances as it will serve to protect the Applicants for any payments, obligations or transfers made to or incurred on behalf of, one or more of the other Applicants during the pendency of the CCAA Proceedings.

Bid Protections Charge

10.13 The proposed Sale Process Order provides for a charge (the "**Bid Protections Charge**") on the Property, not to exceed $1.2 million, as security for the payment of the Bid Protections in the manner and circumstances described in the Stalking Horse Agreement.

10.14 The Monitor notes that the granting of the Bid Protections Charge is a condition of the Stalking Horse Agreement, and the Bid Protections are reasonable and consistent with comparable bid protections that have previously been approved by the Court. The Monitor supports the granting of the Bid Protections Charge.

11.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

11.1 Since the Filing Date, the activities of the Monitor have included:

(i) engaging in discussions with the Applicants and their legal counsel, the Monitor's legal counsel, the Financial Advisor, and the CRO regarding the Restructuring Proceedings, the SISP, the DIP Term Sheet, and the Stalking Horse Agreement;

(ii) assisting the Applicants with communications to employees, suppliers, landlords, and other stakeholders;

(iii) attending the Court hearing for the application of the CCAA Proceedings held on May 14, 2025;

(iv) activating the Case Website and coordinating the upload of Court-filed documents thereon;

(v) completing and coordinating noticing requirements pursuant to paragraph 55 of the Initial Order, including:

(a) arranging for publication of notice of the CCAA Proceedings, in the prescribed form, in The Globe and Mail (National Edition) on May 20, 2025, and May 27, 2025;

(b) posting the Initial Order to the Case Website on May 14, 2025; and

(c) arranging for notices of the CCAA Proceedings to be sent to all known creditors having a claim against the Applicant of more than CAD $1,000;

(vi) activating the Monitor's toll-free number and email account for the CCAA Proceedings, and responding to creditor and other inquiries received through those contact points;

(vii) attending update calls with the Applicants' management, the CFO, and the CRO regarding the CCAA Proceedings;

(viii) monitoring receipts, disbursements, purchase commitments and the Intercompany Transfers, including the review of payments made;

(ix) overseeing and assisting the Financial Advisor through the launch of the SISP;

(x) posting non-confidential materials filed with the Court to the Case Website;

(xi) completing the statutory filings pursuant to the CCAA, including filing the requisite forms (Form 1 and Form 2) with the Office of the Superintendent of Bankruptcy (Canada); and

(xii) with the assistance of its legal counsel, preparing this First Report.

12.0 MONITOR'S RECOMMENDATION

12.1 For the reasons set out in this First Report, the Monitor is of the view that the relief requested by the Applicants is reasonable, appropriate and necessary having regard to the current circumstances of the Applicants. As such, the Monitor supports the relief sought by the Applicants and respectfully recommends that the Court grant the ARIO and the Sale Process Order in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 21st day of May, 2025.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Li-Cycle Holdings Corp., Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., and Li-Cycle North America Hub, Inc. and in no other capacity

Per: _____
Josh Nevsky
Senior Vice President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP. ET AL.

Court File No. CV-25-00743053-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

FIRST REPORT OF THE MONITOR

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Counsel for Alvarez & Marsal Canada Inc., solely in its capacity as Monitor of Li-Cycle Holdings Corp. et al. and in no other capacity

Appendix “B”

Li-Cycle Receives Cease Trade Order from Ontario Securities Commission

TORONTO, Canada (June 6, 2025) – Li-Cycle Holdings Corp. (OTC Pink Markets: LICYQ) ("Li-Cycle" or the "Company"), a leading global lithium-ion battery resource recovery company, announced that, after close of markets on June 5, 2025, the Company received a cease trade order ("CTO") issued by the Ontario Securities Commission ("OSC") as a result of the Company's failure to file periodic disclosures required by Ontario securities legislation.

These disclosures include the interim financial statements, and management's discussion and analysis relating to such interim financial statements, for the period ended March 31, 2025, and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

The CTO prohibits any person or company from trading, directly or indirectly, in any security of the Company in Ontario and each other jurisdiction of Canada that has a statutory reciprocal order provision, except in accordance with the conditions that are contained in the CTO, for as long as the CTO remains in effect.

A beneficial security holder of Li-Cycle who is not, and was not an insider or control person of the Company at the date of the CTO may sell securities of Li-Cycle acquired before the date of the CTO, if both of the following apply:

- the sale is made through a "foreign organized regulated market" (or "FORM"), as defined in section 1.1 of the Universal Market Integrity Rules of the Canadian Investment Regulatory Organization; and
- the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.

Li-Cycle's common shares are currently quoted on the OTC Pink Markets, which generally does not meet the FORM criteria.

As previously disclosed, on May 14, 2025, Li-Cycle and its subsidiaries in North America sought and obtained from the Ontario Superior Court of Justice (the "Court") an order (the "Initial Order") providing them with creditor protection pursuant to Canada's *Companies' Creditors Arrangement Act* (the "CCAA"). Also on May 15, 2025, the CCAA proceedings were recognized, and immediate stays of proceedings entered, by the United States Bankruptcy Court for the Southern District of New York pursuant to Chapter 15 of the United States Bankruptcy Code.

Given the ongoing CCAA proceedings and the Initial Order, as amended and restated on May 22, 2025 (the "Amended and Restated Initial Order"), Li-Cycle has determined that it does not currently intend to devote additional time or financial resources towards its public disclosure obligations in Canada and the United States.

The Company's common shares are expected to remain qualified to trade on the OTC Pink Markets for 180 days from the period end date of its most recently filed Annual Report on Form 10-K, which was for

the period ended December 31, 2024. As Li-Cycle does not currently intend to file disclosures required by the U.S. Securities and Exchange Commission ("SEC"), the Company expects it will be moved from the OTC Pink Markets to the OTC Expert Markets on or around June 30, 2025, pursuant to SEC Rule 15c2-11.

Holders of Li-Cycle securities are urged to consult with their own investment advisors or legal counsel regarding the implications of the CTO.

A copy of the CTO can be found on SEDAR+ at https://www.sedarplus.ca/. Additional information regarding the CCAA proceedings is available on the website of Alvarez & Marsal Canada Inc., the Court-appointed monitor of the Company during the CCAA proceedings, at https://www.alvarezandmarsal.com/LiCycle.

About Li-Cycle Holdings Corp.

Li-Cycle (OTC Pink Markets: LICYQ) is a leading global lithium-ion battery resource recovery company. Established in 2016, and with major customers and partners around the world, Li-Cycle's mission is to recover critical battery-grade materials to create a domestic closed-loop battery supply chain for a clean energy future. For more information, visit https://li-cycle.com/.

Investors & Media

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Forward-Looking Statements

Certain statements contained in this press release may be considered "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, Section 21 of the U.S. Securities Exchange Act of 1934, as amended, and applicable Canadian securities laws. Forward-looking statements may generally be identified by the use of words such as "believe", "may", "will", "continue", "anticipate", "intend", "expect", "should", "would", "could", "plan", "potential", "future", "target" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements contain such identifying words. Forward-looking statements in this press release include but are not limited to statements about: the Company's expectation that its common shares will remain qualified to trade on the OTC Pink Markets for 180 days following December 31, 2024, and that its common shares will be moved from the OTC Pink Markets to the OTC Expert Markets on or around June 30, 2025 pursuant to SEC Rule 15c2-11. These statements are based on various assumptions, whether or not identified in this communication, including but not limited to assumptions regarding the Company's current and future liquidity and financial resources and the Company's CCAA process. 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 risks and uncertainties related to Li-Cycle's business are described in greater detail in the section titled "Part I - Item 1A. Risk Factors" and "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC 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.

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP. ET AL.

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Proceeding Commenced at Toronto

SECOND REPORT OF THE MONITOR

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