



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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NO. ON LIST: 1

TITLE OF PROCEEDING: Li-Cycle et al CCAA

BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE CONWAY:

[1] All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated May 13, 2025. All factual references are from the affidavit of Ajay Kochlar, President and Chief Executive Officer of Li-Cycle Holdings Corp. ("**Holdings**") sworn May 12, 2025, and the pre-filing report of Alvarez & Marsal Canada Inc. dated May 13, 2025. All dollar references are to US dollars.

[2] The Applicants seek protection from their creditors and other ancillary relief in an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

[3] Li-Cycle is a global lithium-ion battery resource recovery company with patent-protected Spoke & Hub Technologies. It was established in 2016 and is headquartered in Toronto. The Applicants are comprised of the Li-Cycle Group's North American based companies. The European and Asian subsidiaries of Holdings are not applicants in these CCAA proceedings.

[4] Li-Cycle has encountered numerous challenges since the fall of 2023, which have strained its liquidity. The costs of construction of its first commercial Hub, the Rochester Hub, increased significantly and the project has been put on pause. This led to the commencement of class action claims in New York and Ontario and the filing of various mechanics' liens against the Rochester Hub property. A shareholder derivative action has also been brought in New York.

[5] Li-Cycle has a \$475 million loan facility from the United States Department of Energy. However, Li-Cycle has been unable to raise additional financing necessary to meet the conditions for advances to be made under that facility.

[6] The share price of Holdings' common shares has declined by over 99% and its shares were delisted from the New York Stock Exchange.

[7] With the expiry of certain waivers on May 13, 2025, Li-Cycle is now in default under its secured and unsecured notes. Its pre-filing secured debt to Glencore is \$205.6 million. There is a further \$114 million in unsecured debt to Glencore. The outstanding principal on the Koch Convertible Notes is \$133.7 million. As noted, there are mechanics liens filed in respect of the Rochester Hub property. There is \$104.4 million owed to general unsecured creditors and an additional \$15 million in general accrued liabilities.

[8] Given these circumstances, Li-Cycle has paused operations at its operating Spokes, paused construction on the Rochester Hub and reduced headcount by over 75%. It has limited remaining cash on hand, which will soon be exhausted.

[9] If CCAA protection is granted, Li-Cycle intends to run a court supervised sale and investment solicitation process (SISP). It is in discussions (with Glencore) to obtain debtor-in-possession financing and a stalking horse bid. Those will be the subject of the comeback hearing. I make no order with respect to any of those issues today.

APPLICATION FOR AN INITIAL ORDER

The CCAA Applies

[10] The CCAA applies to a “debtor company” if the total claims against it or its affiliates exceed \$5 million. Three of the Applicants meet the definition of “company” as they are incorporated under the *Business Corporations Act*, R.S.O. 1990, c. B.16. The other three Applicants are incorporated in the US but funds are being held on retainer on their behalf by counsel and, as such, they meet the definition: *In the Matter of a Plan of Compromise or Arrangement of Sandvine Corporation et al.*, 2024 ONSC 6199 at para. 19.

[11] A company is a “debtor company” if it is insolvent. I am satisfied that each of the Applicants meets this part of the definition under the “looming liquidity crisis test” (*Sandvine*, at para. 25) and the balance sheet test. With respect to the former test, on a consolidated basis the Applicants had approximately \$10.519 million in cash as of the week ended May 9, 2025. The cash flow forecast of the Applicants demonstrates that they will run out of cash by the week ended June 6, 2025.

[12] With respect to the balance sheet test, the financial statements show a net book value of \$861.2 million of assets and total liabilities of \$598.1 million. However, the Applicants say that 70% of that net book value (\$601.1 million) is attributable to the Rochester Hub, on which construction has been paused and numerous mechanics’ liens filed. The Applicants have not been able to obtain financing to restart construction. They submit that the net book value for the Rochester Hub does not reasonably represent the realizable value of this asset. In addition, the total liabilities on the financial statements do not include the contingent liabilities for the pending litigation in New York and Ontario.

[13] This court has jurisdiction over the Applicants. Holdings’ registered head office is in Toronto, Ontario. All of the Applicants are part of an integrated business, and the operational, financial, management, marketing, personnel and strategic decisions for the business are made from the corporate headquarters in Toronto.

The Relief Sought in the Initial Order

[14] I am satisfied that the relief sought in the Initial Order for the 10-day period is limited to relief that is “reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period”, as required by s. 11.001 of the CCAA.

[15] The Stay of Proceedings is reasonably necessary to maintain the *status quo* and to provide an opportunity for the Applicants to finalize a plan for a SISP to be considered by this court.

[16] The Initial Order approves the continuation of the Applicants’ existing practice of making intercompany advances to one another. All advances are subject to the Monitor’s review and approval. The advances are limited to \$1 million, which is the amount reasonably necessary for continued operations during the initial 10-day period.

[17] A&M has consented to act as Monitor and is appointed as such.

[18] The Applicants seek approval of William E. Aziz as the CRO pursuant to an engagement letter between Holdings and BlueTree dated April 28, 2025. The Applicants further seek approval of Michelle T. Faysal as the interim CFO following the resignation of the Li-Cycles' CFO. I am satisfied that these engagements should be approved to assist the Applicants as they navigate this restructuring. The Monitor has reviewed the fees and believes them to be reasonable.

[19] The Applicants seek approval of the engagement of Alvarez & Marsal Canada Securities ULC as Financial Advisor pursuant to the engagement letter dated May 8, 2025. Li-Cycle solicited expressions of interest from investment banking firms and selected the Financial Advisor due to its expertise, its reach in Canada and the United States, and its proposed fees. I am satisfied that this engagement should be approved.

[20] Mr. Kochar expressed his interest in resigning effective May 15, 2025. The Special Committee asked him to stay on as a consultant to support these proceedings and the SISP. His holding company, Maple Briar Holdings Inc., entered into an engagement letter dated May 1, 2025 to provide his services during the course of these proceedings. I approve this engagement.

[21] The Applicant seeks an Administration Charge of \$2 million, to cover the professional fees and disbursements of the Monitor, the CRO, the CFO, legal counsel to the Monitor and legal counsel to Li-Cycle. I approve the charge. This proceeding will require extensive involvement from the professionals. The quantum is in line with other large restructurings. The Monitor is supportive of that charge. I consider the charge to be reasonable and approve it.

[22] The Directors' Charge is \$450,000. That is reasonable, in line with other directors' charges, and was calculated in consultation with the Monitor. It is approved.

[23] The Intercompany Charge will secure the intercompany advances described above. As noted, this is limited to \$1 million during the initial 10-day period. This charge will not secure any advances made before the initial filing date. The Intercompany Charge is approved.

[24] I approve the provision authorizing Li-Cycle to incur no further expenses in relation to any Securities Filings. I am satisfied that equity holders will continue to receive reporting through these proceedings. The language is consistent with previous orders of this court. I accept that the time and resources of Li-Cycle are better used to advance the restructuring process: see *Indiva Limited et al.*, 2024 ONSC 3426, at para. 29.

[25] The Applicants intend to seek recognition of these CCAA Proceedings from the United States Bankruptcy Court for the SDNY under Chapter 15 and for the recognition of these proposed CCAA Proceedings as Foreign Main Proceedings. I appoint the CRO as the foreign representative for purposes of such recognition proceedings.

Initial Order Granted; Comeback Hearing

[26] I reviewed the terms of the Initial Order and required two minor amendments to be made. Counsel did so and I signed the order earlier today (copy attached). Order to go as signed by me. This order is effective from today's date and is enforceable without the need for entry and filing.

[27] The comeback hearing is scheduled before me on May 22, 2025 at 2 p.m. for two hours (by Zoom, confirmed with the Commercial List office).

Conway J.