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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2020

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _______ to _______

Commission File Number 001-38694

LIVENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware			**82-4699376**
(State or other jurisdiction of incorporation or organization)			**(I.R.S. Employer Identification No.)**
2929 Walnut Street	**Philadelphia**	**Pennsylvania**	**19104**
(Address of principal executive offices)			**(Zip Code)**

Registrant's telephone number, including area code: 215-299-5900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	LTHM	New York Stock Exchange

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES ☒ NO ☐

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED PURSUANT TO RULE 405 OF REGULATION S-T (§232.405 OF THIS CHAPTER) DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT SUCH FILES). YES ☒ NO ☐

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER, A SMALLER REPORTING COMPANY, OR AN EMERGING GROWTH COMPANY. SEE THE DEFINITIONS OF "LARGE ACCELERATED FILER," "ACCELERATED FILER," "SMALLER REPORTING COMPANY," AND "EMERGING GROWTH COMPANY" IN RULE 12B-2 OF THE EXCHANGE ACT.

LARGE ACCELERATED FILER	☒	ACCELERATED FILER	☐
NON-ACCELERATED FILER	☐	SMALLER REPORTING COMPANY	☐
		EMERGING GROWTH COMPANY	☐

IF AN EMERGING GROWTH COMPANY, INDICATE BY CHECK MARK IF THE REGISTRANT HAS ELECTED NOT TO USE THE EXTENDED TRANSITION PERIOD FOR COMPLYING WITH ANY NEW OR REVISED FINANCIAL ACCOUNTING STANDARDS PROVIDED PURSUANT TO SECTION 13(A) OF THE EXCHANGE ACT. ☐

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT). YES ☐ NO ☒

As of September 30, 2020, there were 146,302,517 shares of Common Stock, $0.001 par value per share, outstanding.

LIVENT CORPORATION

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Glossary of Terms

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

2025 Notes	$245.75 million principal amount 4.125% Convertible Senior Notes due 2025, including $20.75 million issued upon exercise of the Over-Allotment Option on July 7, 2020.
AOCI	Accumulated other comprehensive income
Application	The application filed by Livent with the CCAA Court to obtain remittance of the Escrow Funds
ASC	Accounting Standards Codification, under U.S. GAAP
ASC 842	Accounting Standards Codification Topic 842 - Leases
ASU	Accounting Standards Update, under U.S. GAAP
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCAA	The Companies' Creditors Arrangement Act (Canada)
CCAA Court	The Superior Court of Quebec where Nemaska, Nemaska Lithium Inc. and certain affiliates filed for creditor protection in Canada under the CCAA
Credit Agreement	The Original Credit Agreement, as amended on May 6, 2020, by the First Amendment and August 3, 2020, by the Second Amendment
Distribution	On March 1, 2019, FMC made a tax-free distribution to its stockholders of all its remaining interest in Livent Corporation
EAETR	Estimated annual effective tax rate
Escrow Funds	The funds held in escrow by a third party for the benefit of Livent in connection with the Nemaska matter
EV	Electric vehicle
FASB	Financial Accounting Standards Board
First Amendment	On May 6, 2020, Livent Corporation entered into the First Amendment to the Credit Agreement to amend and restate the Original Credit Agreement
FMC	FMC Corporation
FMC Plan	FMC Corporation Incentive Compensation and Stock Plan
IPO	Initial public offering
Lithium Business	Substantially all of the assets and liabilities of FMC's lithium business segment transferred to Livent in the Separation
Livent NQSP	Livent Non-Qualified Savings Plan
Livent Plan	Livent Corporation Incentive Compensation and Stock Plan
Nemaska	Nemaska Lithium Shawinigan Transformation Inc., a subsidiary of Nemaska Lithium Inc.
Nemaska Transaction	The sale proposal structured as a credit bid under the CCAA from a group made up of Orion Mine Finance, Investissement Quebec and The Pallinghurst Group to purchase certain assets and operate the business previously conducted by Nemaska Lithium Inc.
Original Credit Agreement	On September 18, 2018 Livent Corporation entered into the credit agreement, which provides for a $400 million senior secured revolving credit facility
Over-Allotment Option	Option to purchase an additional $20.75 million principal amount of 2025 Notes exercised on July 7, 2020.
Revolving Credit Facility	Livent's $400 million senior secured revolving credit facility
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
Second Amendment	On August 3, 2020, Livent Corporation entered into the Second Amendment to the Credit Agreement to amend the Credit Agreement

Securities Act	Securities Act of 1933
Separation Date	On October 15, 2018, Livent Corporation completed the IPO and sold 20 million shares of Livent common stock to the public at a price of $17.00 per share
Settlement Funds	A portion of the Escrow Funds that will be paid to the new ownership group under the Nemaska Transaction in settlement of the Company's claims against Nemaska
Tax Act	Tax Cuts and Jobs Act
U.S. GAAP	United States Generally Accepted Accounting Principles

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIVENT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(in Millions, Except Per Share Data)	(unaudited)			
Revenue	$ 72.6	$ 97.7	$ 206.0	$ 310.0
Cost of sales	69.8	69.4	178.4	215.2
Gross margin	2.8	28.3	27.6	94.8
Selling, general and administrative expenses	10.0	10.2	31.1	29.2
Research and development expenses	1.0	0.9	2.8	2.5
Restructuring and other charges	4.4	0.9	10.1	4.8
Separation-related costs	0.6	2.5	0.8	5.4
Total costs and expenses	85.8	83.9	223.2	257.1
(Loss)/income from operations before loss on debt extinguishment, equity in net loss of unconsolidated affiliate, interest expense, net and income taxes	(13.2)	13.8	(17.2)	52.9
Loss on debt extinguishment	—	—	0.1	—
Equity in net loss of unconsolidated affiliate	0.1	—	0.4	—
Interest expense, net	2.0	—	2.0	—
(Loss)/income from operations before income taxes	(15.3)	13.8	(19.7)	52.9
Income tax (benefit)/expense	(3.5)	(4.2)	(5.8)	2.5
Net (loss)/income	$ (11.8)	$ 18.0	$ (13.9)	$ 50.4
Net (loss)/income per weighted average share - basic	$ (0.08)	$ 0.12	$ (0.10)	$ 0.35
Net (loss)/income per weighted average share - diluted	$ (0.08)	$ 0.12	$ (0.10)	$ 0.34
Weighted average common shares outstanding - basic	146.3	146.0	146.2	146.0
Weighted average common shares outstanding - diluted	146.3	146.5	146.2	146.4

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

LIVENT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(in Millions)	(unaudited)			
Net (loss)/income	$ (11.8)	$ 18.0	$ (13.9)	$ 50.4
Other comprehensive income/(loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation gain/(loss) arising during the period	3.0	(1.9)	1.4	(1.9)
Total foreign currency translation adjustments [(1)]	3.0	(1.9)	1.4	(1.9)
Derivative instruments:				
Unrealized hedging gains/(losses), net of tax of less than $0.1, less than $0.1, less than $0.1 and $0.1	—	1.5	(0.2)	2.6
Reclassification of deferred hedging gains included in net income, net of tax of less than $0.1.	—	(0.4)	—	(1.1)
Total derivative instruments gain/(loss), net of tax of less than $0.1, less than $0.1, less than $0.1 and $0.1	—	1.1	(0.2)	1.5
Other comprehensive income/(loss), net of tax	3.0	(0.8)	1.2	(0.4)
Comprehensive (loss)/income	**$ (8.8)**	**$ 17.2**	**$ (12.7)**	**$ 50.0**

(1) Income taxes are not provided on the equity in undistributed earnings of our foreign subsidiaries because it is our intention that such earnings will remain invested in those subsidiaries indefinitely.

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

LIVENT CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in Millions, Except Share and Par Value Data)	September 30, 2020	December 31, 2019
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	$ 14.8	$ 16.8
Trade receivables, net of allowance of $0.3 in 2020 and $0.3 in 2019	72.7	90.0
Inventories, net	114.1	113.4
Prepaid and other current assets	52.0	51.8
Total current assets	253.6	272.0
Investments	2.4	2.2
Property, plant and equipment, net of accumulated depreciation of $217.1 in 2020 and $202.2 in 2019	533.6	468.8
Deferred income taxes	—	1.5
Right of use assets - operating leases, net	16.2	16.9
Other assets	97.3	91.5
Total assets	**$ 903.1**	**$ 852.9**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, trade and other	$ 42.4	$ 83.1
Accrued and other current liabilities	33.8	36.4
Operating lease liabilities - current	2.0	2.1
Income taxes	—	0.9
Total current liabilities	78.2	122.5
Long-term debt	224.1	154.6
Operating lease liabilities - long-term	14.3	15.4
Environmental liabilities	6.4	6.4
Deferred income taxes	1.6	—
Other long-term liabilities	11.9	10.0
Commitments and contingent liabilities (Note 12)		
Total current and long-term liabilities	336.5	308.9
Equity		
Common stock; $0.001 par value; 2 billion shares authorized in 2018; 146,410,139 and 146,085,696 shares issued; 146,302,517 and 145,981,684 outstanding at September 30, 2020 and December 31, 2019, respectively	0.1	0.1
Capital in excess of par value of common stock	551.7	516.4
Retained earnings	62.7	76.6
Accumulated other comprehensive loss	(47.1)	(48.3)
Treasury stock, common; 107,622 and 104,012 shares at September 30, 2020 and December 31, 2019, respectively	(0.8)	(0.8)
Total equity	566.6	544.0
Total liabilities and equity	**$ 903.1**	**$ 852.9**

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

LIVENT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2020	2019
(in Millions)	(unaudited)	
Cash required by operating activities:		
Net (loss)/income	$ (13.9)	$ 50.4
Adjustments to reconcile net (loss)/income to cash provided by operating activities:		
Depreciation and amortization	17.7	15.5
Restructuring and other charges	4.3	2.6
Deferred income taxes	(6.1)	(10.4)
Separation-related costs	0.1	1.4
Share-based compensation	3.4	3.3
Change in investments in trust fund securities	0.1	(0.1)
Loss on debt extinguishment	0.1	—
Deferred financing fees amortization	2.0	—
Equity in net loss of unconsolidated affiliate	0.4	—
Changes in operating assets and liabilities:		
Trade receivables, net	17.5	53.5
Inventories	(0.1)	(3.6)
Accounts payable, trade and other	(40.9)	(6.2)
Change in due to related party	—	(23.7)
Change in deferred compensation	0.4	0.5
Income taxes	(0.9)	(0.8)
Change in prepaid and other current assets and other assets	(5.5)	(15.0)
Change in accrued and other current liabilities and other long-term liabilities	22.9	(2.5)
Cash provided by operating activities	1.5	64.9
Cash required by investing activities:		
Capital expenditures[1]	(110.0)	(120.5)
Investments in trust fund securities	(0.4)	(0.4)
Other investing activities	(1.4)	(4.5)
Cash required by investing activities	(111.8)	(125.4)
Cash provided by financing activities:		
Proceeds from Revolving Credit Facility	147.0	165.5
Repayments of Revolving Credit Facility	(276.5)	(109.5)
Proceeds from 2025 Notes	245.7	—
Payments of financing fees	(8.4)	(0.1)
Proceeds from issuance of common stock	0.4	—
Cash provided by financing activities	108.2	55.9
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.4)
Decrease in cash and cash equivalents	(2.0)	(5.0)
Cash and cash equivalents, beginning of period	16.8	28.3
Cash and cash equivalents, end of period	**$ 14.8**	**$ 23.3**
Supplemental Disclosure for Cash Flow:		
Cash payments for income taxes, net of refunds [2]	$ 2.8	$ 37.1
Cash payments for interest, net [1]	$ 4.8	$ 2.6
Cash payments for Restructuring and other charges	$ 5.8	$ 2.1
Cash payments for Separation-related charges [3]	$ 0.7	$ 8.7
Accrued capital expenditures	$ 7.8	$ 7.4
Operating lease right-of-use assets and lease liabilities recorded for ASC 842	$ 0.8	$ 16.1

(1) For the nine months ended September 30, 2020, $8.1 million of interest expense was capitalized. All of the interest related to our Revolving Credit Facility was capitalized for the nine months ended September 30, 2019

(2) Nine months ended September 30, 2020 includes $1.9 million refund from FMC related to the Company's 2018 federal income tax return. Nine months ended September 30, 2019 includes $16.9 million related to reimbursement paid to FMC for 2018 income taxes paid by FMC on Livent's behalf pursuant to the TMA.

(3) Nine months ended September 30, 2019 includes $4.6 million paid to FMC related to the Separation steps.

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

LIVENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

(in Millions Except Per Share Data)	Common Stock, $0.001 Per Share Par Value	Capital In Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, January 1, 2019	**$ 0.1**	**$ 512.3**	**$ 26.4**	**$ (49.2)**	**$ —**	**$ 489.6**
Net income	—	—	16.9	—	—	16.9
Stock compensation plans	—	1.2	—	—	—	1.2
Net hedging losses, net of income tax	—	—	—	(0.1)	—	(0.1)
Foreign currency translation adjustments	—	—	—	1.0	—	1.0
Balance, March 31, 2019	**$ 0.1**	**$ 513.5**	**$ 43.3**	**$ (48.3)**	**$ —**	**$ 508.6**
Net income	—	—	15.5	—	—	15.5
Stock compensation plans	—	2.4	—	—	—	2.4
Net hedging gains, net of income tax	—	—	—	0.5	—	0.5
Foreign currency translation adjustments	—	—	—	(1.0)	—	(1.0)
Purchases of treasury stock - deferred compensation plan	—	—	—	—	(0.7)	(0.7)
Balance, June 30, 2019	**$ 0.1**	**$ 515.9**	**$ 58.8**	**$ (48.8)**	**$ (0.7)**	**$ 525.3**
Net income	—	—	18.0	—	—	18.0
Stock compensation plans	—	1.1	—	—	—	1.1
Net hedging gains, net of income tax	—	—	—	1.1	—	1.1
Foreign currency translation adjustments	—	—		(1.9)	—	(1.9)
Balance, September 30, 2019	**$ 0.1**	**$ 517.0**	**$ 76.8**	**$ (49.6)**	**$ (0.7)**	**$ 543.6**
Balance, January 1, 2020	**$ 0.1**	**$ 516.4**	**$ 76.6**	**$ (48.3)**	**$ (0.8)**	**$ 544.0**
Net loss	—	—	(1.9)	—	—	(1.9)
Stock compensation plans	—	1.2	—	—	—	1.2
Shares withheld for taxes - common stock issuances	—	(0.7)	—	—	—	(0.7)
Foreign currency translation adjustments	—	—	—	(1.8)	—	(1.8)
Balance, March 31, 2020	**$ 0.1**	**$ 516.9**	**$ 74.7**	**$ (50.1)**	**$ (0.8)**	**$ 540.8**
Net loss	—	—	(0.2)	—	—	(0.2)
Stock compensation plans	—	1.0	—	—	—	1.0
Net hedging losses, net of income tax	—	—	—	(0.2)	—	(0.2)
2025 Notes - discount net of issuance fees and income tax	—	29.5	—	—	—	29.5
Exercise of stock options	—	0.1	—	—	—	0.1
Foreign currency translation adjustments	—	—	—	0.2	—	0.2
Balance, June 30, 2020	**$ 0.1**	**$ 547.5**	**$ 74.5**	**$ (50.1)**	**$ (0.8)**	**$ 571.2**
Net loss	—	—	(11.8)	—	—	(11.8)
Stock compensation plans	—	1.2	—	—	—	1.2
2025 Notes - discount net of issuance fees and income tax	—	2.7	—	—	—	2.7
Exercise of stock options	—	0.3	—	—	—	0.3
Foreign currency translation adjustments	—	—	—	3.0	—	3.0
Balance, September 30, 2020	**$ 0.1**	**$ 551.7**	**$ 62.7**	**$ (47.1)**	**$ (0.8)**	**$ 566.6**

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

LIVENT CORPORATION

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1: Description of the Business

Background and Nature of Operations

Livent Corporation (“Livent”, “we”, “us”, "company" or “our”) manufactures lithium for use in a wide range of lithium products, which are used primarily in lithium-based batteries, specialty polymers and chemical synthesis applications. We serve a diverse group of markets. Our product offerings are primarily inorganic and generally have few cost-effective substitutes. A major growth driver for lithium in the future will be the rate of adoption of electric vehicles.

Most markets for lithium chemicals are global with significant growth occurring both in Asia and North America, primarily driven by the development and manufacture of lithium-ion batteries. We are one of the primary producers of performance lithium compounds.

The Separation and Distribution

On March 31, 2017, FMC publicly announced a plan to separate Livent into a publicly traded company (the “Separation”). Prior to the completion of the initial public offering ("IPO") on October 15, 2018 (the "Separation Date"), we were a wholly owned subsidiary of FMC, and all of our outstanding shares of common stock were owned by FMC. Following a series of restructuring steps, on October 1, 2018, prior to the IPO of Livent common stock, FMC transferred to us substantially all of the assets and liabilities of its Lithium Business. In exchange, we issued to FMC 123 million shares of our common stock.

On March 1, 2019, FMC completed the spin-off distribution of 123 million shares of common stock of Livent as a pro rata dividend on shares of FMC common stock outstanding at the close of business on the record date of February 25, 2019 (the “Distribution”). Effective upon completion of the Distribution, we became an independent company and FMC no longer owns any shares of Livent common stock.

Note 2: Principal Accounting Policies and Related Financial Information

The accompanying condensed consolidated financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by U.S. GAAP have been condensed or omitted from these interim financial statements. The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of our condensed consolidated financial position at September 30, 2020 and December 31, 2019, the condensed consolidated results of operations for the three and nine months ended September 30, 2020 and 2019, and the condensed consolidated cash flows for the nine months ended September 30, 2020 and 2019. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year. These statements, therefore, should be read in conjunction with the annual consolidated and combined financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Annual Report on Form 10-K").

The income tax amounts in the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2019 have been calculated based on a separate return methodology and presented as if our operations were separate taxpayers in the respective jurisdictions. We file United States (U.S.) federal income tax returns with various state, local and non-U.S. jurisdictions. From the Separation Date onwards, we have filed and will continue to file as an independent public company.

Estimates and assumptions

In preparing the financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Due to the current coronavirus ("COVID-19") pandemic, there has been uncertainty and disruption in the global economy and financial markets. The estimates used for, but not limited to, the collectability of trade receivables, fair value of long-lived assets, income taxes, inventory valuation and fair value of financial instruments could be impacted. We have assessed the impact and are not aware of any specific events or circumstances that required an update to our estimates and assumptions or materially affected the carrying value of our assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

4.125% Convertible Senior Notes due 2025 (the “2025 Notes”)

We account for our 2025 Notes under Accounting Standards Codification 470-20, Debt with Conversion and Other Options. See Note 3 and Note 8 for details.

There were no other significant changes to our accounting policies that are set forth in detail in Note 2 to our annual consolidated and combined financial statements in Part II, Item 8 of our 2019 Annual Report on Form 10-K.

Note 3: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items

New accounting guidance and regulatory items

In August 2020, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The ASU reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion model. As compared with current U.S. GAAP, more convertible debt instruments will be reported as a single liability instrument and the interest rate of more convertible debt instruments will be closer to the coupon interest rate. The ASU also aligns the consistency of diluted Earnings Per Share ("EPS") calculations for convertible instruments by requiring that (1) an entity use the if-converted method and (2) share settlement be included in the diluted EPS calculation for both convertible instruments and equity contracts when those contracts include an option of cash settlement or share settlement. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The FASB has specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options, we separately account for the liability and equity components of our 4.125% Convertible Senior Notes due 2025 (the “2025 Notes”), which may be settled entirely or partially in cash upon conversion, in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the 2025 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our consolidated balance sheet, and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the 2025 Notes. As a result, we currently are required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the 2025 Notes to their face amount over the term of the 2025 Notes. Because we intend to settle in cash the principal outstanding under our 2025 Notes, we currently use the treasury stock method when calculating their potential dilutive effect, if any. See Note 8 and Note 10 for further details. ASU 2020-06 allows adoption through either a modified retrospective method or fully retrospective method of transition. In applying the modified retrospective transition method, the cumulative effect of the accounting change should be recognized as an adjustment to the opening balance of retained earnings at the date of adoption. For the full retrospective method, the cumulative effect of the accounting change should be recognized as an adjustment to the opening balance of retained earnings in the first comparative period presented. We expect to early adopt ASU 2020-06 effective January 1, 2021. We are evaluating which transition method to use and the effect the ASU will have on our condensed consolidated financial statements.

In April 2020, FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848).* The amendments in this ASU provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. An entity may optionally elect to apply the amendments effective in the first interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. We are evaluating the effect the guidance will have on our condensed consolidated financial statements.

In December 2019, FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740).* The amendments in this ASU simplified the accounting for income taxes by removing certain exceptions to the general principle in Topic 740. The amendments also contain improvements and clarifications of certain guidance in Topic 740. The new amendments are effective for fiscal years beginning after December 15, 2020 (i.e. a January 1, 2021 effective date), with early adoption permitted. We believe the adoption will not have a material impact on our condensed consolidated financial statements.

Recently adopted accounting guidance

In November 2019, FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* ("ASU 2019-11"). The amendments in this ASU contain improvements and clarifications of certain guidance in Topic 326. The Company adopted the provisions of ASU 2019-11 on January 1, 2020; the adoption did not have a material impact on our condensed consolidated financial statements.

In March 2019, FASB issued ASU No. 2019-01, *Codification Improvements to Leases (Topic 842): Amendments to the FASB Accounting Standards Codification* ("ASU 2019-01"). The amendments in this ASU contain improvements and clarifications of certain guidance in Topic 842. The Company adopted the provision of ASU 2019-01 on January 1, 2020; the adoption did not have a material impact on our condensed consolidated financial statements.

In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments,* ("ASU 2019-04"). The amendments in this

ASU affect a variety of Topics in the Codification and represent changes to clarify, correct errors in, or improve the Codification. Subsequently, in May 2019 the FASB issued ASU No. 2019-05, *Financial Instruments - Credit Losses (Topic 326) Targeted Transition Relief,* ("ASU 2019-05"). The amendments in this ASU provide entities with targeted transition relief that is intended to increase comparability of financial statement information for some entities that otherwise would have measured similar financial instruments using different measurement methodologies. The Company adopted the provisions of ASU 2019-04 and ASU 2019-05 on January 1, 2020; the adoption did not have a material impact on our condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). The amendments in ASU 2018-13 remove the disclosure requirements related to transfers between Level 1 and Level 2 and the valuation processes for Level 3 measurements in Topic 820. Additional disclosures under this Topic are related to Level 3 fair value measurements related to changes in unrealized gains and losses and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The Company adopted the provisions of ASU 2018-13 on January 1, 2020; the adoption did not have a material impact on our condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The Company adopted the provisions of ASU 2016-13 on January 1, 2020; the adoption did not have a material impact on our condensed consolidated financial statements.

Note 4: Revenue Recognition

Disaggregation of revenue

We disaggregate revenue from contracts with customers by geographical areas and by product categories.

The following table provides information about disaggregated revenue by major geographical region:

(in Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
North America (1)	$ 11.0	$ 22.7	$ 40.5	$ 57.1
Latin America	—	—	0.1	1.0
Europe, Middle East & Africa	9.8	12.8	32.3	45.7
Asia Pacific (1)	51.8	62.2	133.1	206.2
Total Revenue	$ 72.6	$ 97.7	$ 206.0	$ 310.0

(1) During the three months ended September 30, 2020, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S. and China. Sales for the three months ended September 30, 2020 for Japan, the U.S. and China totaled $23.5 million, $11.0 million and $19.0 million, respectively. During the three months ended September 30, 2019, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S. and China. Sales for the three months ended September 30, 2019 for Japan, the U.S. and China totaled $39.6 million, $22.8 million and $13.4 million, respectively. During the nine months ended September 30, 2020, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S. and China. Sales for the nine months ended September 30, 2020 for Japan, the U.S. and China totaled $81.1 million, $40.0 million and $29.1 million, respectively. During the nine months ended September 30, 2019, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S. and China and totaled $131.4 million, $56.6 million, and $46.3 million, respectively.

For the three months ended September 30, 2020, two customers accounted for approximately 34% and 10% of total revenue and our 10 largest customers accounted in aggregate for approximately 68% of revenue. For the three months ended September 30, 2019, one customer accounted for approximately 26% of total revenue and our 10 largest customers accounted in aggregate for approximately 63% of our revenue. For the nine months ended September 30, 2020, one customer accounted for approximately 35% of total revenue and our 10 largest customers accounted in aggregate for approximately 64% of revenue. For the nine months ended September 30, 2019, two customers accounted for approximately 30% and 10% of total revenue, respectively and our 10 largest customers accounted in aggregate for approximately 61% of our revenue. A loss of any material customer could have a material adverse effect on our business, financial condition and results of operations.

The following table provides information about disaggregated revenue by major product category:

(in Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Lithium Hydroxide	$ 43.9	$ 52.9	$ 115.4	$ 178.2
Butyllithium	19.6	25.6	62.4	77.2
High Purity Lithium Metal and Other Specialty Compounds	7.1	11.7	23.0	38.8
Lithium Carbonate and Lithium Chloride	2.0	7.5	5.2	15.8
Total Revenue	$ 72.6	$ 97.7	$ 206.0	$ 310.0

Our lithium products are developed and sold to global and regional customers in the EV, electronics, agrochemicals, pharmaceuticals, polymer and specialty alloy metals market among others. Lithium hydroxide products are used in advanced batteries for all-electric vehicles as well as other products that require portable energy storage such as power tools and military devices. Lithium hydroxide is also sold into grease applications for use in automobiles, aircraft, railcars, agricultural and other types of equipment. Butyllithium products are primarily used as polymer initiators, and in the synthesis of agrochemicals and pharmaceuticals. High purity lithium metal and other specialty compounds include lithium phosphate, pharmaceutical-grade lithium carbonate, high purity lithium chloride and specialty organics. Additionally, we sell whatever lithium carbonate and lithium chloride we do not use internally to our customers for various applications.

Sale of Goods

Revenue from product sales is recognized when (or as) we satisfy a performance obligation by transferring the promised goods to a customer, that is, when control of the good transfers to the customer. The customer is then invoiced at the agreed-upon price with payment terms generally ranging from 30 to 180 days.

In determining when the control of goods is transferred, we typically assess, among other things, the transfer of risk and title and the shipping terms of the contract. The transfer of title and risk typically occurs either upon shipment to the customer or upon receipt by the customer. As such, we typically recognize revenue when goods are shipped based on the relevant incoterm for the product order, or in some regions, when delivery to the customer's requested destination has occurred. When we perform shipping and handling activities after the transfer of control to the customer (e.g., when control transfers prior to delivery), they are considered fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. For FOB shipping point terms, revenue is recognized at the time of shipment since the customer gains control at this point in time.

We record amounts billed for shipping and handling fees as revenue. Costs incurred for shipping and handling are recorded as costs of sales. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue-producing transactions are presented on a net basis and excluded from revenue in the condensed consolidated statements of operations. We record a liability until remitted to the respective taxing authority.

Contract asset and contract liability balances

We satisfy our obligations by transferring goods and services in exchange for consideration from customers. The timing of performance sometimes differs from the timing the associated consideration is received from the customer, thus resulting in the recognition of a contract liability. We recognize a contract liability if the customer's payment of consideration is received prior to completion of our related performance obligation.

The following table presents the opening and closing balances of our receivables, net of allowances. As of September 30, 2020 and December 31, 2019, there were no contract liabilities from contract with customers.

(in Millions)	Balance as of September 30, 2020	Balance as of December 31, 2019	Increase (Decrease)
Receivables from contracts with customers, net of allowances	$ 72.7	$ 90.0	$ (17.3)

The balance of receivables from contracts with customers listed in the table above represents the current trade receivables, net of allowance for doubtful accounts. The allowance for receivables represents our best estimate of the probable losses associated with potential customer defaults. We determine the allowance based on historical experience, current collection trends, and external business factors such as economic factors, including regional bankruptcy rates, and political factors.

Performance obligations

At contract inception, we assess the goods and services promised in our contracts with customers and identify a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, we consider all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. Based on our evaluation, we have determined that our current contracts do not contain more than one single performance obligation. Revenue is recognized when (or as) the performance obligation is satisfied, which is when the customer obtains control of the good or service.

Periodically, we may enter into contracts with customers which require them to submit a forecast of non-binding purchase obligations to us. These forecasts are typically provided by the customer to us in good faith, and there are no penalties or obligations if the forecasts are not met. Accordingly, we have determined that these are optional purchases and do not represent material rights and are not considered as unsatisfied (or partially satisfied) performance obligations for the purposes of this disclosure.

Occasionally, we may enter into multi-year take or pay supply agreements with customers. The aggregate amount of revenue expected to be recognized related to these contracts' performance obligations that are unsatisfied or partially satisfied is approximately $14 million for the remainder of 2020 and $58 million in 2021. These approximate revenues do not include amounts of variable consideration attributable to contract renewals or contract contingencies. Based on our past experience with the customers under these arrangements, we expect to continue recognizing revenue in accordance with the contracts as we transfer control of the product to the customer (refer to the sales of goods section for our determination of transfer of control). However, in the case a shortfall of volume purchases occurs, we will recognize the amount payable by the customer over the remaining performance obligations in the contract.

Note 5: Inventories, Net

Inventories consisted of the following:

(in Millions)	September 30, 2020	December 31, 2019
Finished goods	$ 38.4	$ 45.3
Semi-finished goods	64.9	48.8
Raw materials, supplies and other	10.8	19.3
Inventory, net	**$ 114.1**	**$ 113.4**

Note 6: Restructuring and Other Charges

The following table shows other charges included in "Restructuring and other charges" in the condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2020	2019	2020	2019
Restructuring charges				
Severance-related and exit costs (1)	$ 0.9	$ —	$ 5.8	$ —
Other charges				
Corporate severance-related costs (2)	—	—	—	3.5
Environmental remediation (3)	0.1	0.1	0.4	0.3
Other (4)	3.4	0.8	3.9	1.0
Total Restructuring and other charges	**$ 4.4**	**$ 0.9**	**$ 10.1**	**$ 4.8**

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(1) Includes severance costs for management changes at certain operating and administrative facilities and exit costs of $1.6 million for the closing of leased office space.

(2) Represents severance costs and stock-based compensation expense for accelerated vesting related to corporate management changes.

(3) Costs associated with environmental remediation with respect to certain discontinued products. There is one environmental remediation site in Bessemer City, North Carolina.

(4) Three and nine months ended September 30, 2020 consists primarily of legal fees related to IPO securities litigation including a settlement accrual, net of insurance reimbursement, of $2.5 million in the third quarter. See Note 12 for more details.

Roll forward of plant restructuring reserve

In 2017, we began restructuring efforts at our manufacturing site located in Bessemer City, North Carolina. The objective of this restructuring plan is to optimize both the assets and cost structure by reducing certain production lines at the plant. The restructuring decision resulted primarily in shutdown costs. The following table shows a roll forward of restructuring reserve that will result in cash spending. These amounts are included in "Accrued and other current liabilities" on the condensed consolidated balance sheets.

(in Millions)	Restructuring Reserve Total
Balance December 31, 2018	**$ 3.6**
Cash payments	(0.3)
Balance December 31, 2019	**$ 3.3**
Cash payments	(0.1)
Balance September 30, 2020	**$ 3.2**

Note 7: Income Taxes

We determine our interim tax provision using an estimated annual effective tax rate methodology (“EAETR”) in accordance with U.S. GAAP. The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision.

The determination of the EAETR is based upon a number of estimates, including the estimated annual pretax ordinary income in each tax jurisdiction in which we operate. As our projections of ordinary income change throughout the year, the EAETR will change period-to-period. The tax effects of discrete items are recognized in the tax provision in the period they occur in accordance with U.S. GAAP. Depending on various factors, such as the item’s significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter can materially impact the reported effective tax rate. As a global enterprise, our tax expense can be impacted by changes in tax rates or laws, the finalization of tax audits and reviews, as well as other factors. As a result, there can be significant volatility in interim tax provisions.

Provision for income taxes for the three and nine months ended September 30, 2020 was a benefit of $3.5 million and $5.8 million resulting in an effective tax rate of 22.9% and 29.4%, respectively. Provision for income taxes for the three and nine months ended September 30, 2019 was a benefit of $4.2 million and a tax expense of $2.5 million resulting in an effective tax rate of (30.4)% and 4.7%, respectively.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act makes the following changes to the U.S. tax code that will affect our 2019 and 2020 taxes, including, but not limited to, (1) temporary modification of the adjusted taxable income limitation under Section 163(j) from 30% to 50% for tax years 2019 and 2020 only; (2) modification to the net operating loss rules surrounding the ability to now carryback five years net operating losses generated in 2018, 2019, and 2020; (3) temporary repeal of the net operating loss taxable income limitation of 80%; and (4) temporary enhancement of corporate charitable contribution limitation to 25% of taxable income for tax year 2020 only. The CARES Act did not have a material impact on the Company's condensed consolidated financial statements.

Note 8: Debt

Long-term debt

Long-term debt consists of the following:

(in Millions)	Interest Rate Percentage: LIBOR borrowings	Interest Rate Percentage: Base rate borrowings		Maturity Date	September 30, 2020	December 31, 2019
Revolving Credit Facility (1)	2.4%	4.5%		2023	$ 25.1	$ 154.6
4.125% Convertible Senior Notes due 2025			4.125%	2025	245.7	—
Discount - 2025 Notes (2)					(46.7)	—
Total long-term debt (3)					**$ 224.1**	**$ 154.6**

(1) As of September 30, 2020 and December 31, 2019, there were $11.0 million in letters of credit outstanding under our Revolving Credit Facility and $288.9 million and $234.4 million available funds as of September 30, 2020 and December 31, 2019, respectively. Fund availability is subject to the Company meeting its debt covenants.
(2) Includes transaction costs.
(3) As of September 30, 2020 and December 31, 2019, the Company had no debt maturing within one year.

4.125% Convertible Senior Notes due 2025

On June 25, 2020, the Company issued $225 million in aggregate principal amount of 4.125% Convertible Senior Notes due in July 2025 (the "2025 Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. We also granted the initial purchasers of the 2025 Notes a 13-day option to purchase up to an additional $33.75 million in aggregate principal amount (the "Over-Allotment Option). On July 7, 2020 we closed on the Over-Allotment Option and issued an additional $20.75 million in aggregate principal amount of 2025 Notes. Total net cash proceeds received including Over-Allotment Option were $238.2 million net of $7.6 million of third-party transaction costs, including initial purchasers' discounts and commissions. The Company used or will use the net proceeds received to finance or refinance eligible green projects designed to align with the provisions of the International Capital Market Association Green Bond Principles 2018, including repaying amounts outstanding under its Revolving Credit Facility.

Each $1,000 of principal of the 2025 Notes is initially convertible into 114.4885 shares of our common stock, which is equivalent to an initial conversion price of $8.73 per share, subject to adjustment upon the occurrence of specified events. We may not redeem the 2025 Notes prior to July 20, 2023. We may redeem for cash all or any portion of the 2025 Notes, at our option, on or after July 20, 2023 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest.

Holders of the 2025 Notes may convert their notes at any time, at their option, on or after January 15, 2025. Further, holders of the 2025 Notes may convert their notes at any time, at their option, prior to January 15, 2025 only under the following circumstances: (1) during any calendar quarter commencing after September 30, 2020 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each trading day; (2) during the five-business day period after any five-consecutive trading day period in which the trading price per $1,000 principal amount of the 2025 Notes for each trading day of such period is less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day, (3) if we call any or all of the 2020 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date or (4) if specified corporate events occur. Upon conversion, the 2025 Notes will be settled in cash, shares of our common stock or a combination thereof, at our election. If a fundamental change occurs prior to the maturity date, holders of the 2025 Notes may require us to repurchase all or a portion of their 2025 Notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date or if we deliver a notice of redemption, we will increase the conversion rate for a holder who elects to convert its 2025 Notes in connection with such an event or notice of redemption in certain circumstances. As of September 30, 2020, none of the conditions permitting the holders of the 2025 Notes to early convert had been met. Therefore, the 2025 Notes are classified as long-term.

In accordance with U.S. GAAP relating to embedded conversion features, we initially valued and bifurcated the conversion feature associated with the 2025 Notes. We recorded a debt discount with a corresponding increase to additional paid-in capital of $42.6 million for the conversion feature, $3.6 million of which was recorded in the third quarter of 2020 relating to the Over-Allotment Option. The resulting debt discount is being amortized to interest expense at an effective interest rate of 8.35% over the five-year term of the 2025 Notes. The Company recorded $2.0 million and $2.1 million of interest expense related to the amortization of the discount and transaction costs for the three and nine months ended September 30, 2020, zero of which and $0.1 million of which was capitalized for the three and nine months ended September 30, 2020, respectively. The Company recorded $2.5 million and $2.7 million of accrued interest expense related to the principal amount for the three and nine months ended September 30, 2020. Transaction costs of $1.4 million were allocated to the embedded conversion feature as a reduction of additional paid-in capital, $0.2 million of which was recorded in the third quarter of 2020 related to the Over-Allotment Option. We recognized a deferred tax liability of $9.1 million as a reduction to additional paid-in capital as of September 30, 2020 related to the book and tax basis differences of the debt discount and transaction costs.

The following table summarizes the final amounts recorded upon closing for the original issuance and Over-Allotment Option related to debt discount and liability and equity allocations of the transaction costs.

	(a)	(b)	(a) + (b)
(in Millions)	**$225.0 million principal**	**$20.75 million principal Over-Allotment**	**Total 2025 Notes**
Discount	**$ 39.0**	**$ 3.6**	**$ 42.6**
Transaction costs			
Liability [(1)]	$ 5.5	$ 0.7	$ 6.2
Equity	1.2	0.2	1.4
Total transaction costs	**$ 6.7**	**$ 0.9**	**$ 7.6**

(1) Amortization of transaction costs was $0.3 million for the three and nine months ended September 30, 2020.

Revolving Credit Facility

On September 28, 2018, we entered into a credit agreement among us, our subsidiary, FMC Lithium USA Corp., as borrowers (the “Borrowers”), certain of our wholly owned subsidiaries as guarantors (the "Guarantors"), the lenders party thereto (the “Lenders”), Citibank, N.A., as administrative agent (the "Agent"), and certain other financial institutions party thereto, as joint lead arrangers (the “Original Credit Agreement”, and as amended by the First Amendment and Second Amendment (as defined below), the "Credit Agreement"). The Credit Agreement provides for a $400 million senior secured revolving credit facility, $50 million of which is available for the issuance of letters of credit for the account of the Borrowers, with an option, subject to certain conditions and limitations, to increase the aggregate amount of the revolving credit commitments to $600 million (the “Revolving Credit Facility”). The issuance of letters of credit and the proceeds of revolving credit loans made pursuant to the Revolving Credit Facility are available, and will be used, for general corporate purposes, including capital expenditures and permitted acquisitions, of the Borrowers and their subsidiaries.

On May 6, 2020, we entered into the First Amendment to the Credit Agreement (the "First Amendment") with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. Among other things, the First Amendment amended and restated the Original Credit Agreement to (i) increase our maximum total net leverage ratio for the fiscal quarters ending June 30, 2020, September 30, 2020 and December 31, 2020 from 3.5 to 6.0, (ii) put a cap of $325 million on our overall borrowings under the Revolving Credit Facility until March 31, 2021, (iii) amend our negative covenant on indebtedness to permit unsecured indebtedness (including convertible debt) up to $350 million, (iv) amend our negative covenants on investments to permit additional investments in Minera del Altiplano S.A., our Argentine subsidiary, (v) restrict our ability to declare or pay cash dividends until March 31, 2021 and (vi) increase the applicable margin on our borrowings by 25 basis points, in each case as described in the First Amendment. We recorded $0.9 million of deferred financing costs in the condensed consolidated balance sheets for First Amendment consent, arrangement and legal fees and a $0.1 million loss on debt extinguishment in the condensed consolidated statements of operations for the write off of existing deferred financing costs to recognize the temporary reduction in overall borrowing capacity related to the First Amendment. The carrying value of our deferred financing costs was $2.6 million as of September 30, 2020.

The foregoing description of the First Amendment does not purport to be complete and is qualified in its entirety by reference to the First Amendment, including the amended and restated Credit Agreement attached thereto, which is filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the three months ended March 31, 2020.

On August 3, 2020, we entered into the Second Amendment to the Credit Agreement (the "Second Amendment") with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. The Second Amendment amended the Credit Agreement, as previously amended by the First Amendment, to replace our maximum total net leverage ratio of 6.0 for the fiscal quarters ending September 30, 2020 and December 31, 2020 with a maximum first lien leverage ratio (as defined in the Credit Agreement) of 3.5. The maximum first lien leverage ratio of 3.5 will continue to apply for the fiscal quarter ended March 31, 2021 and for each fiscal quarter thereafter. The first lien leverage ratio as of any date is the ratio of financial covenant debt as of such date secured by a lien on any asset or property of Livent or its restricted subsidiaries on a pari passu or senior basis with the loans and commitments under the Credit Agreement, minus unrestricted cash and cash equivalents on our balance sheet as of such date, to Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the Credit Agreement, for the last four fiscal quarters ending on or before such date.

The foregoing description of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the Second Amendment and the Credit Agreement, which Second Amendment is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.

See Note 10, Part II, Item 8 of our 2019 Annual Report on Form 10-K for more information about the credit agreement.

Covenants

The Credit Agreement contains certain affirmative and negative covenants that are binding on the Borrowers and their subsidiaries, including, among others, restrictions (subject to exceptions and qualifications) on the ability of the Borrowers and their subsidiaries to create liens, to undertake fundamental changes, to incur debt, to sell or dispose of assets, to make investments, to make restricted payments such as dividends, distributions or equity repurchases, to change the nature of their businesses, to enter into transactions with affiliates and to enter into certain burdensome agreements. Furthermore, the Borrowers are subject to financial covenants regarding leverage (measured as the ratio of debt to adjusted earnings) and interest coverage (measured as the ratio of adjusted earnings to interest expense). Our maximum allowable first lien leverage ratio is 3.5 as of September 30, 2020. Our minimum allowable interest coverage ratio is 3.5. We were in compliance with all requirements of the covenants at September 30, 2020.

Note 9: Equity

As of September 30, 2020 and December 31, 2019, we had 2 billion shares of common stock authorized. The following is a summary of Livent's common stock issued and outstanding:

	Issued	Treasury	Outstanding
Balance at December 31, 2019	**146,085,696**	**(104,012)**	**145,981,684**
Adjusted FMC RSU awards [1]	131,648	—	131,648
Livent RSU awards	123,511	—	123,511
Livent stock option awards	69,284	—	69,284
Purchases of treasury stock - deferred compensation plan	—	(3,610)	(3,610)
Balance at September 30, 2020	**146,410,139**	**(107,622)**	**146,302,517**

(1) See Note 12 to our consolidated and combined financial statements in Part II, Item 8 of our 2019 Annual Report on Form 10-K for more information on Adjusted FMC RSU awards held by FMC employees.

Summarized below is the roll forward of accumulated other comprehensive loss, net of tax.

(in Millions)	Foreign currency adjustments	Derivative Instruments [1]	Total
Accumulated other comprehensive loss, net of tax at December 31, 2019	$ (48.3)	—	$ (48.3)
Other comprehensive income/(loss) before reclassifications	1.4	(0.2)	1.2
Accumulated other comprehensive loss, net of tax at September 30, 2020	**$ (46.9)**	**$ (0.2)**	**$ (47.1)**

(in Millions)	Foreign currency adjustments	Derivative Instruments [1]	Total
Accumulated other comprehensive loss, net of tax at December 31, 2018	$ (48.0)	$ (1.2)	$ (49.2)
Other comprehensive (loss)/income before reclassifications	(1.9)	2.6	0.7
Amounts reclassified from accumulated other comprehensive loss	—	(1.1)	(1.1)
Accumulated other comprehensive (loss)/income, net of tax at September 30, 2019	**$ (49.9)**	**$ 0.3**	**$ (49.6)**

(1) See Note 11 for more information.

Reclassifications of accumulated other comprehensive loss

The table below provides details about the reclassifications from accumulated other comprehensive loss and the affected line items in the condensed consolidated statements of operations for the period presented.

Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Accumulated Other Comprehensive Loss [1]				Affected Line Item in the Condensed Consolidated Statements of Operations
	Three Months Ended September 30,		Nine Months Ended September 30,		
(in Millions)	2020	2019	2020	2019	
Derivative instruments					
Foreign currency contracts	$ (0.2)	$ (0.4)	$ (0.2)	$ (1.1)	Costs of sales and services
Total before tax	**(0.2)**	**(0.4)**	**(0.2)**	**(1.1)**	
Amount included in net income [1]	**$ (0.2)**	**$ (0.4)**	**$ (0.2)**	**$ (1.1)**	

(1) Provision for income taxes related to the reclassification was less than $0.1 million.

Dividends

For the three and nine months ended September 30, 2020 and 2019, we paid no dividends. We do not expect to pay any dividends in the foreseeable future.

Note 10: (Loss)/Earnings Per Share

(Loss)/earnings per common share ("EPS") is computed by dividing net (loss)/income by the weighted average number of common shares outstanding during the period on a basic and diluted basis.

Our potentially dilutive securities include potential common shares related to our stock options and restricted stock units ("RSU") granted in connection with the Livent Plan and FMC Plan. See Note 12 to our consolidated and combined financial statements in Part II, Item 8 of our 2019 Annual Report on Form 10-K for more information. Diluted (loss)/earnings per share ("Diluted EPS") considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our common stock for the period. Because we intend to settle in cash the principal outstanding under our 2025 Notes, we use the treasury stock method when calculating their potential dilutive effect, if any.

(Loss)/earnings applicable to common stock and common stock shares used in the calculation of basic and diluted (loss)/earnings per share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions, Except Share and Per Share Data)	**2020**	**2019**	**2020**	**2019**
Numerator:				
Net (loss)/income	**$ (11.8)**	**$ 18.0**	**$ (13.9)**	**$ 50.4**
Denominator:				
Weighted average common shares outstanding - basic	146.3	146.0	146.2	146.0
Incremental weighted average common shares - FMC Plan	—	0.5	—	0.4
Weighted average common shares outstanding - diluted	**146.3**	**146.5**	**146.2**	**146.4**
Basic (loss)/earnings per common share:				
Net (loss)/income per weighted average share - basic	**$ (0.08)**	**$ 0.12**	**$ (0.10)**	**$ 0.35**
Diluted (loss)/earnings per common share:				
Net (loss)/income per weighted average share - diluted	**$ (0.08)**	**$ 0.12**	**$ (0.10)**	**$ 0.34**

Anti-dilutive stock options

For the three and nine months ended September 30, 2020, options to purchase 1,835,476 and 1,904,010 shares of our common stock at an average exercise price of $12.59 and $12.58 per share, respectively, were anti-dilutive and not included in the computation of diluted (loss)/earnings per share because the exercise price of the options was greater than the average market price of the common stock for the three and nine months ended September 30, 2020. For the three and nine months ended September 30, 2019, options to purchase 1,547,070 and 1,006,532 shares of our common stock at an average exercise price of $12.97 and $15.21 per share, respectively, were anti-dilutive and not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the common stock for the three and nine months ended September 30, 2019.

Note 11: Financial Instruments, Risk Management and Fair Value Measurements

Our financial instruments include cash and cash equivalents, trade receivables, other current assets, investments held in trust fund, accounts payable, and amounts included in investments and accruals meeting the definition of financial instruments. Investments in the Livent NQSP deferred compensation plan trust fund are considered Level 1 investments based on readily available quoted prices in active markets for identical assets. The carrying value of cash and cash equivalents, trade receivables, other current assets, and accounts payable approximates their fair value and are considered Level 1 investments. Our other financial instruments include the following:

Financial Instrument	Valuation Method
Foreign exchange forward contracts	Estimated amounts that would be received or paid to terminate the contracts at the reporting date based on current market prices for applicable currencies.

The estimated fair value of our foreign exchange forward contracts have been determined using standard pricing models which take into account the present value of expected future cash flows discounted to the balance sheet date. These standard pricing models utilize inputs derived from, or corroborated by, observable market data such as interest rate yield curves and currency and commodity spot and forward rates. In addition, we test a subset of our valuations against valuations received from the transaction's counterparty to validate the accuracy of our standard pricing models. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a market exchange at settlement date and do not represent potential gains or losses on these agreements.

The estimated fair value and the carrying amount of debt was $270.8 million and $224.1 million, respectively, as of September 30, 2020. The estimated fair value and carrying amount of debt was $154.6 million as of December 31, 2019.

Use of Derivative Financial Instruments to Manage Risk

We mitigate certain financial exposures connected to currency risk through a program of risk management that includes the use of derivative financial instruments. We enter into foreign exchange forward contracts to reduce the effects of fluctuating foreign currency exchange rates.

We formally document all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes relating derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. We also assess both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If we determine that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we discontinue hedge accounting with respect to that derivative prospectively.

Foreign Currency Exchange Risk Management

We conduct business in many foreign countries, exposing earnings, cash flows, and our financial position to foreign currency risks. The majority of these risks arise as a result of foreign currency transactions. The primary currencies for which we have exchange rate exposure are the Euro, the British pound, the Chinese yuan, the Argentine peso, and the Japanese yen. We currently do not hedge foreign currency risks associated with the Argentine peso due to the limited availability and the high cost of suitable derivative instruments. Our policy is to minimize exposure to adverse changes in currency exchange rates. This is accomplished through a controlled program of risk management that could include the use of foreign currency debt and forward foreign exchange contracts. We also use forward foreign exchange contracts to hedge firm and highly anticipated foreign currency cash flows, with an objective of balancing currency risk to provide adequate protection from significant fluctuations in the currency markets.

Concentration of Credit Risk

Our counterparties to derivative contracts are primarily major financial institutions. We limit the dollar amount of contracts entered into with any one financial institution and monitor counterparties' credit ratings. We also enter into master netting agreements with each financial institution, where possible, which helps mitigate the credit risk associated with our financial instruments. While we may be exposed to credit losses due to the nonperformance of counterparties, we consider this risk remote.

Accounting for Derivative Instruments and Hedging Activities

Cash Flow Hedges

We recognize all derivatives on the balance sheet at fair value. On the date we enter into the derivative instrument, we generally designate the derivative as a hedge of the variability of cash flows to be received or paid related to a forecasted transaction (cash flow hedge). We record in Accumulated Other Comprehensive Income ("AOCI") changes in the fair value of derivatives that are designated as and meet all the required criteria for, a cash flow hedge. We then reclassify these amounts into earnings as the underlying hedged item affects earnings. In contrast we immediately record in earnings changes in the fair value of derivatives that are not designated as cash flow hedges.

As of September 30, 2020, we had open foreign currency forward contracts in AOCI in a net after-tax loss position of $0.2 million designated as cash flow hedges of underlying forecasted sales and purchases. At September 30, 2020 we had open forward contracts with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of approximately $6.2 million.

Approximately $0.2 million of net after-tax loss, representing open foreign currency exchange contracts, will be realized in earnings during the three months ending December 31, 2020 if spot rates in the future are consistent with market rates as of September 30, 2020. The actual effect on earnings will be dependent on the actual spot rates when the forecasted transactions occur. We recognize derivative gains and losses in the "Costs of sales and services" line in the condensed consolidated statements of income.

Derivatives Not Designated As Cash Flow Hedging Instruments

We hold certain forward contracts that have not been designated as cash flow hedging instruments for accounting purposes. Contracts used to hedge the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities are not designated as cash flow hedging instruments and changes in the fair value of these items are recorded in earnings.

We had open forward contracts not designated as cash flow hedging instruments for accounting purposes with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of approximately $42.7 million at September 30, 2020.

Fair Value of Derivative Instruments

The following tables provide the gross fair value and net balance sheet presentation of our derivative instruments. The Company had no open derivative cash flow hedge contracts in the condensed consolidated balance sheets as of December 31, 2019.

(in Millions)	September 30, 2020 Gross Amount of Derivatives Designated as Cash Flow Hedges
Derivatives	
Foreign exchange contracts	$ (0.2)
Total derivative liabilities	(0.2)
Net derivative liabilities	$ (0.2)

(1) Balance is included in "Accrued and other current liabilities" in the condensed consolidated balance sheets.

The following tables summarize the gains or losses related to our cash flow hedges and derivatives not designated as cash flow hedging instruments. For the three months ended March 31, 2020, we did not have any open derivative cash flow hedge contacts.

Derivatives in Cash Flow Hedging Relationships

(in Millions)	Total Foreign Exchange Contracts
Accumulated other comprehensive loss, net of tax at March 31, 2020	**$ —**
Unrealized hedging losses, net of tax	(0.2)
Total derivative instrument impact on comprehensive income, net of tax	(0.2)
Accumulated other comprehensive loss, net of tax at June 30, 2020	**$ (0.2)**
Unrealized hedging gains, net of tax	0.2
Reclassification of deferred hedging gains, net of tax (1)	(0.2)
Accumulated other comprehensive loss, net of tax at September 30, 2020	**$ (0.2)**
Accumulated other comprehensive loss, net of tax at December 31, 2018	**$ (1.2)**
Unrealized hedging gains, net of tax	0.3
Reclassification of deferred hedging gains, net of tax (1)	(0.4)
Total derivative instrument impact on comprehensive income, net of tax	(0.1)
Accumulated other comprehensive loss, net of tax at March 31, 2019	**$ (1.3)**
Unrealized hedging gains, net of tax	0.8
Reclassification of deferred hedging gains, net of tax (1)	(0.3)
Total derivative instrument impact on comprehensive income, net of tax	0.5
Accumulated other comprehensive loss, net of tax at June 30, 2019	**$ (0.8)**
Unrealized hedging gains, net of tax	1.5
Reclassification of deferred hedging gains, net of tax (1)	(0.4)
Total derivative instrument impact on comprehensive income, net of tax	1.1
Accumulated other comprehensive gain, net of tax at September 30, 2019	**$ 0.3**

(1) Amounts are included in "Cost of sales and services" on the condensed consolidated statements of operations.

Derivatives Not Designated as Cash Flow Hedging Instruments

	Location of Loss Recognized in Income on Derivatives	Amount of Pre-tax Loss Recognized in Income on Derivatives (1)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)		2020	2019	2020	2019
Foreign Exchange contracts	Cost of Sales and Services	$ (0.8)	$ 0.1	$ (1.9)	$ (0.9)
Total		**$ (0.8)**	**$ 0.1**	**$ (1.9)**	**$ (0.9)**

(1) Amounts represent the gain or loss on the derivative instrument offset by the gain or loss on the hedged item.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are defined as buyers or sellers in the principle or most advantageous market for the asset or liability that are independent of the reporting entity, knowledgeable and able and willing to transact for the asset or liability.

Fair Value Hierarchy

We have categorized our assets and liabilities that are recorded at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair-value hierarchy. The fair-value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets and liabilities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair-value measurement of the instrument.

Recurring Fair Value Measurements

The following tables present our fair-value hierarchy for those assets and liabilities measured at fair-value on a recurring basis in our condensed consolidated balance sheets.

(in Millions)	September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments in deferred compensation plan (1)	$ 2.1	$ 2.1	$ —	$ —
Total Assets	$ 2.1	$ 2.1	$ —	$ —
Liabilities				
Deferred compensation plan obligation (2)	$ 3.1	$ 3.1	$ —	$ —
Total Liabilities	$ 3.1	$ 3.1	$ —	$ —

(in Millions)	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments in deferred compensation plan (1)	$ 1.6	$ 1.6	$ —	$ —
Total Assets	$ 1.6	$ 1.6	$ —	$ —
Liabilities				
Deferred compensation plan obligation (2)	$ 2.5	$ 2.5	$ —	$ —
Total Liabilities	$ 2.5	$ 2.5	$ —	$ —

(1) Balance is included in “Investments” in the condensed consolidated balance sheets. Livent NQSP investments in Livent common stock are recorded as "Treasury stock" in the condensed consolidated balance sheets and carried at historical cost. A mark-to-market loss of $0.3 million and $0.1 million was recorded for the three and nine months ended September 30, 2020, respectively, related to the Livent common stock. The mark-to-market gains and losses were recorded in "Selling, general and administrative expense" in the condensed consolidated statement of operations, with a corresponding offset to the deferred compensation plan obligation in the condensed consolidated balance sheets.

(2) Balance is included in “Other long-term liabilities” in the condensed consolidated balance sheets.

Note 12: Commitments and Contingencies

Contingencies

We are a party to various legal proceedings, including those noted in this section. Livent records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. As additional information becomes available, management adjusts its assessments and estimates. Legal costs are expensed as incurred.

In addition to the legal proceedings noted below, we have certain contingent liabilities arising in the ordinary course of business. Some of these contingencies are known but are so preliminary that the merits cannot be determined, or if more advanced, are not deemed material based on current knowledge; and some are unknown - for example, claims with respect to which we have no notice or claims which may arise in the future from products sold, guarantees or warranties made, or indemnities provided. Therefore, we are unable to develop a reasonable estimate of our potential exposure of loss for these contingencies, either individually or in the aggregate, at this time. There can be no assurance that the outcome of these contingencies will be favorable, and adverse results in certain of these contingencies could have a material adverse effect on the consolidated financial position, results of operations in any one reporting period, or liquidity.

IPO Securities Litigation

Beginning on May 13, 2019, purported stockholders of the Company filed putative class action complaints in the Pennsylvania Court of Common Pleas, Philadelphia County, and in the U.S. District Court for the Eastern District of Pennsylvania, in connection with the Company's October 2018 IPO. On August 20, 2019, the actions then pending in federal court were consolidated under the caption, Nikolov v. Livent Corp., et al., No. 19-cv-02218. In an order entered on September 23, 2019, the actions then pending in state court were consolidated under the caption, In re Livent Corporation Securities Litigation, No. 2019-0501229. The operative complaints in both the state and federal actions assert claims against the Company and certain of its current and former executives and directors in connection with the Company's October 2018 IPO. The actions also name as defendants the underwriters in the IPO and FMC Corporation, whom the Company is generally obligated to indemnify. The complaints allege generally that the offering documents for the IPO failed to adequately disclose certain information related to the Company's business and prospects, in purported violation of Sections 11, 12(a)(2), and/or 15 of the Securities Act. The complaints seek unspecified damages and other relief on behalf of all persons and entities who purchased or otherwise acquired Livent common stock pursuant and/or traceable to the IPO offering documents. On October 11, 2019, defendants moved to dismiss the state action in its entirety, and on November 18, 2019, defendants moved to dismiss the federal action in its entirety. On June 29, 2020, the state court denied the motion to dismiss the state action, while on July 2, 2020, the federal court granted the motion to dismiss the federal action in its entirety. On July 7, 2020, in light of the federal court's decision, defendants filed a motion for reconsideration of the state court's denial of the motion to dismiss the state action. On July 29, 2020, defendants filed a motion seeking permission to appeal the state court's order denying defendant's motion to dismiss. On July 31, 2020, plaintiffs in the federal action filed a notice of appeal.

On October 27, 2020, defendants entered into a stipulation of settlement with the state court plaintiffs to pay $7.4 million to resolve all claims related to the IPO. On October 29, 2020, the state court plaintiffs filed a motion seeking preliminary approval of the settlement. If approved, the settlement would resolve all pending litigation relating to the IPO, including the claims in both the state and federal actions. All deadlines in the state and federal actions are currently stayed in light of the settlement.

As of September 30, 2020, the Company has accrued a net loss contingency of $2.5 million, consisting of a $7.4 million settlement accrued liability offset by a $4.9 million insurance reimbursement receivable, in connection with the pending settlement.

Nemaska arrangement

In October 2016, we entered into a long-term supply agreement (the "Agreement") with Nemaska Lithium Shawinigan Transformation Inc. ("Nemaska"), a subsidiary of Nemaska Lithium Inc. based in Quebec, Canada. Pursuant to the Agreement, Nemaska was to provide lithium carbonate to us. Due to significant delays, Nemaska reported that it was not in a position to start delivering lithium carbonate according to the schedule in the Agreement.

To enforce our right to supply under the Agreement, in July 2018, we filed for arbitration before the International Chamber of Commerce (in accordance with the Agreement's terms). In an attempt to resolve the dispute, the parties actively negotiated a revised schedule as well as arrangements to see that (in spec) lithium carbonate be supplied to us from alternative sources under the responsibility of Nemaska, with a view to providing us with product while minimizing Nemaska's exposure until its electrochemical plant was in operation.

On September 25, 2018, the parties agreed to suspend the arbitration process under the expectation that the parties would agree on arrangements regarding alternative supply sources and an amended and restated supply agreement to reflect such alternative arrangements. On February 15, 2019 we received written notice from Nemaska that it was terminating the Agreement. Livent disagrees that Nemaska had the right to terminate the Agreement. After receiving Nemaska's termination notice, we resumed our previously suspended arbitration to pursue our claims.

On December 22, 2019, Nemaska, Nemaska Lithium Inc. and certain affiliates filed for creditor protection in Canada under the Companies' Creditors Arrangement Act (the "CCAA") in the Superior Court of Québec (the "CCAA Court"). By order of the CCAA Court, the arbitration was stayed until further order of the CCAA Court. Nemaska did not assert any counterclaims against us in the context of the arbitration, nor any claim before the CCAA Court or otherwise, and we are not aware of any basis for Nemaska to assert any claims against us.

On May 29, 2020, we filed an application (the "Application") with the CCAA Court to obtain remittance of US $20 million held in escrow by a third party for the benefit of Livent (the "Escrow Funds"), composed of: (i) US $10 million corresponding to the reimbursement of a payment made by Livent under the Agreement and (ii) US $10 million corresponding to a termination penalty under the Agreement. On the same day, we also filed an appeal of a Notice of Disallowance, filed by the Monitor in the CCAA Court, which had partially disallowed our previously filed proofs of claim against Nemaska and Nemaska Lithium Inc.

On June 22, 2020, we acknowledged the termination of the Agreement, withdrew our arbitration claims with prejudice, and requested the remittance of the Escrow Funds. Nemaska currently contests the Application. There can be no assurance that we will prevail on our Application.

On August 24, 2020, Nemaska Lithium Inc. announced that it had accepted a sale proposal structured as a credit bid under the CCAA from a group made up of Orion Mine Finance, Investissement Quebec and The Pallinghurst Group (The Pallinghurst Group acting through a new entity named Quebec Lithium Partners; the "Nemaska Transaction"). The Nemaska Transaction is conditioned upon the satisfaction of customary closing conditions, including approval under the Competition Act (Canada) and CCAA Court Approval. If the Nemaska transaction is consummated on the terms accepted by Nemaska Lithium Inc. as announced on August 24, 2020, Livent has agreed to settle its claims against Nemaska Lithium Inc. and withdraw its Application before the CCAA Court in exchange for payment of an agreed upon portion of the Escrow Funds being delivered to the new ownership group under the Nemaska Transaction (the "Settlement Funds"). There can be no assurance that the Nemaska Transaction will be completed on the terms initially accepted by Nemaska Lithium Inc., or that Livent will receive payment of any portion of the Settlement Funds.

Argentine Customs Authority

On July 31, 2020, we received notice from the Argentine Customs Authority that it was conducting an audit of Minera del Altiplano SA, our subsidiary in Argentina ("MdA"). The audit relates to the export of Lithium Carbonate from Argentina for the period January 10, 2015 through December 31, 2017. Although this relates to a period of time when MdA was a subsidiary of FMC, the Company agreed to bear any possible liability for this matter under the terms of the Tax Matters Agreement that it entered into with FMC at the Separation Date. At this point, a range of reasonably possible liabilities, if any, cannot be estimated by the Company.

Leases

All of our leases are operating leases as of September 30, 2020 and December 31, 2019. We have operating leases for corporate offices, manufacturing facilities, and land. Our leases have remaining lease terms of 2 years to 15 years. Quantitative disclosures about our leases are summarized in the table below.

LIVENT CORPORATION

Notes to the Condensed Consolidated Financial Statements (unaudited) — (Continued)

(in Millions, except for weighted-average amounts)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Lease Cost				
Operating lease cost	$ 0.6	$ 0.5	$ 1.6	$ 1.5
Short-term lease cost (1)	—	0.1	0.3	0.2
Variable lease cost	—	—	0.1	0.1
Sublease income	—	(0.1)	—	(0.2)
Total lease cost	$ 0.6	$ 0.5	$ 2.0	$ 1.6
Other information				
Cash paid for amounts included in the measurement of lease liabilities:				
Cash paid for operating leases	$ 0.5	$ 0.4	$ 1.5	$ 1.1

(1) Short-term lease cost was less than $0.1 million for the three months ended September 30, 2020.

As of September 30, 2020 and December 31, 2019, our operating leases had a weighted average remaining lease term of 11.5 years and 11.4 years, respectively. As of September 30, 2020 and December 31, 2019, our operating leases had a weighted average discount rate of 4.4%.

The table below presents a maturity analysis of our operating lease liabilities for each of the next five years and a total of the amounts for the remaining years.

(in Millions)	Undiscounted cash flows
Remainder of 2020	$ 0.5
2021	2.0
2022	2.0
2023	1.8
2024	1.8
Thereafter	12.8
Total future minimum lease payments	20.9
Less: Imputed interest	(4.6)
Total	$ 16.3

Note 13: Supplemental Information

The following tables present details of prepaid and other current assets, other assets, accrued and other current liabilities, and other long-term liabilities as presented on the condensed consolidated balance sheets:

(in Millions)	September 30, 2020	December 31, 2019
Prepaid and other current assets		
Argentina government receivable [(1)]	$ 12.4	$ 7.8
Tax related items	17.6	14.1
Other receivables	10.4	9.9
Prepaid expenses	4.4	9.2
Bank Acceptance Drafts [(2)]	0.1	7.4
Other current assets [(3)]	7.1	3.4
Total	**$ 52.0**	**$ 51.8**

(in Millions)	September 30, 2020	December 31, 2019
Other assets		
Argentina government receivable [(1)]	$ 55.9	$ 55.0
Advance to contract manufacturers [(4)]	15.9	15.9
Capitalized software, net	2.1	1.1
Prepayment associated with long-term supply agreement [(5)]	10.0	10.0
Tax related items [(6)]	4.8	3.6
Other assets	8.6	5.9
Total	**$ 97.3**	**$ 91.5**

(1) We have various subsidiaries that conduct business in Argentina. At September 30, 2020 and December 31, 2019, $40.4 million and $38.0 million, respectively, of outstanding receivables due from the Argentina government, which primarily represent export tax and export rebate receivables, was denominated in U.S. dollars. As with all outstanding receivable balances we continually review recoverability by analyzing historical experience, current collection trends and regional business and political factors among other factors.

(2) Bank Acceptance Drafts are a common Chinese finance note used to settle trade transactions. Livent accepts these notes from Chinese customers based on criteria intended to ensure collectability and limit working capital usage.

(3) September 30, 2020 includes a $4.9 million receivable for insurance reimbursement related to the IPO litigation settlement which was netted with the IPO litigation settlement accrual in "Restructuring and other" in the condensed consolidated statement of operations (See Note 6 and Note 12 for details).

(4) We record deferred charges for certain contract manufacturing agreements which we amortize over the term of the underlying contract.

(5) See Note 12 for further discussion about Nemaska arrangement.

(6) Represents an offsetting non-current deferred asset of $3.3 million relating to specific uncertain tax positions and other tax related items.

(in Millions)	September 30, 2020	December 31, 2019
Accrued and other current liabilities		
Plant restructuring reserves	$ 3.2	$ 3.3
Retirement liability - 401K	1.9	2.7
Accrued payroll	9.9	6.7
Derivative liabilities	0.2	—
Severance related	1.7	—
Environmental reserves, current	0.7	0.5
Other accrued and other current liabilities [(1)]	16.2	23.2
Total	**$ 33.8**	**$ 36.4**

LIVENT CORPORATION

Notes to the Condensed Consolidated Financial Statements (unaudited) — (Continued)

(in Millions)	September 30, 2020	December 31, 2019
Other long-term liabilities		
Asset retirement obligations	$ 0.3	$ 0.2
Contingencies related to uncertain tax positions (2)	5.5	4.1
Deferred compensation plan obligation	3.1	2.5
Self-insurance reserves	1.8	1.9
Other long-term liabilities	1.2	1.3
Total	**$ 11.9**	**$ 10.0**

(1) Amounts primarily include accrued capital expenditures related to our expansion projects and a $7.4 million settlement accrual related to IPO litigation recorded in the third quarter of 2020. See Note 12 for details about IPO litigation settlement.

(2) At September 30, 2020, we have recorded a liability for uncertain tax positions of $4.2 million and a $1.5 million indemnification liability to FMC for assets where the offsetting uncertain tax position is with FMC.

Note 14: Subsequent Events

On October 15, 2020, the Nemaska Transaction was approved by the CCAA Court pursuant to an approval and vesting order. The Nemaska Transaction is still subject to customary closing conditions, including the final resolution of any appeals.

Livent has entered into agreements with The Pallinghurst Group relating to Quebec Lithium Partners (a to-be-formed joint venture that will be owned equally by The Pallinghurst Group and Livent) and the conduct of certain business operations previously conducted by Nemaska Lithium Inc. should the Nemaska Transaction be consummated. See Note 12 for details.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Statement under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995: We and our representatives may from time to time make written or oral statements that are "forward-looking" and provide other than historical information, including statements contained in Item 2 of this Quarterly Report on Form 10-Q, in our other filings with the SEC, or in reports to our stockholders.

In some cases, we have identified forward-looking statements by such words or phrases as "will likely result," "is confident that," "expect," "expects," "should," "could," "may," "will continue to," "believe," "believes," "anticipates," "predicts," "forecasts," "estimates," "projects," "potential," "intends" or similar expressions identifying "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including the negative of those words and phrases. Such forward-looking statements are based on our current views and assumptions regarding future events, future business conditions and the outlook for the company based on currently available information. These forward-looking statements may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement.

Currently, one of the most significant factors is the potential adverse effect of the current COVID-19 pandemic on the financial condition, results of operations, cash flows and performance of the Company, which is substantially influenced by the potential adverse effect of the pandemic on Livent's customers and suppliers, the global economy and financial markets and costs of implementing COVID-19 safety protocols. The extent to which COVID-19 impacts us will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others.

Additional factors include, among other things:

- a decline in the growth in demand for electric vehicles with high performance lithium compounds;
- reduced customer demand, or delays in growth of customer demand, for higher performance lithium compounds;
- volatility in the price for performance lithium compounds;
- adverse global economic conditions;
- competition;
- quarterly and annual fluctuations of our operating results;
- risks relating to the temporary suspension of Livent's planned production expansion;
- potential constraints on liquidity and access to credit;
- potential development and adoption of battery technologies that do not rely on performance lithium compounds as an input;
- the success of Livent's research and development efforts;
- risks inherent in international operations and sales, including political, financial and operational risks specific to Argentina, China and other countries where Livent has active operations;
- customer concentration and the possible loss of, or significant reduction in orders from, large customers;
- failure to satisfy customer quality standards;
- fluctuations in the price of energy and certain raw materials;
- employee attraction and retention;
- union relations;
- cybersecurity breaches;
- our ability to protect our intellectual property rights;

- the lack of proven reserves;
- legal and regulatory proceedings, including any shareholder lawsuits;
- compliance with environmental, health and safety laws;
- changes in tax laws;
- risks related to our separation from FMC Corporation;
- risks related to ownership of our common stock, including price fluctuations and the lack of dividends;
- the conditional conversion feature of the 2025 Notes;
- the accounting method for convertible debt securities that may be settled in cash, such as the 2025 Notes; and
- the lack of sufficient cash flow from our business to pay our debt.

Moreover, investors are cautioned to interpret many of these factors as being heightened as a result of the ongoing and numerous adverse impacts of COVID-19. You should carefully consider the risk factors discussed in Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q filed with the SEC on August 6, 2020, in our 2019 Annual Report on Form 10-K, and in the Company's Current Report on Form 8-K filed with the SEC on April 6, 2020.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We are under no duty to and specifically decline to undertake any obligation to publicly revise or update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results, revised expectations or to reflect the occurrence of anticipated or unanticipated events.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements are prepared in conformity with U.S. GAAP. The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We have described our accounting policies in Note 2 to our consolidated and combined financial statements included in Part II, Item 8 of our 2019 Annual Report on Form 10-K.

We have reviewed these accounting policies, identifying those that we believe to be critical to the preparation and understanding of our condensed consolidated financial statements. We have reviewed these critical accounting policies with the Audit Committee of our Board of Directors. Critical accounting policies are central to our presentation of results of operations and financial condition and require management to make estimates and judgments on certain matters. We base our estimates and judgments on historical experience, current conditions and other reasonable factors.

The following is a list of those accounting policies that we have deemed most critical to the presentation and understanding of our results of operations and financial condition. See the "Critical Accounting Policies" section included within "Management's Discussion and Analysis of Financial Condition and Results of Operations" within Part II, Item 7 of our 2019 Annual Report on Form 10-K for a detailed description of these policies and their potential effects on our results of operations and financial condition.

- Revenue recognition and trade receivables
- Impairment and valuation of long-lived assets
- Income taxes

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. The estimates used for, but not limited to, revenue recognition and the collectability of trade receivables, impairment and valuation of long-lived assets, and income taxes could be impacted. We have assessed the impact and are not aware of any specific events or circumstances that required an update to our estimates and assumptions or materially affected the carrying value of our assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS AND REGULATORY ITEMS

See Note 3 to these condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recently adopted accounting guidance and other new accounting guidance.

OVERVIEW

We are a pure-play, fully integrated lithium company, with a long, proven history of producing performance lithium compounds. Our primary products, namely battery-grade lithium hydroxide, lithium carbonate, butyllithium and high purity lithium metal are critical inputs used in various performance applications. Our strategy is to focus on supplying high performance lithium compounds to the fast growing Electric Vehicle ("EV") battery market, while continuing to maintain our position as a leading global producer of butyllithium and high purity lithium metal. With extensive global capabilities, over 60 years of continuous production experience, applications and technical expertise and deep customer relationships, we believe we are well positioned to capitalize on the accelerating trend of vehicle electrification.

We produce lithium compounds for use in applications that have specific performance requirements, including battery-grade lithium hydroxide for use in high performance lithium-ion batteries. We believe the demand for our compounds will continue to grow as the electrification of transportation accelerates, and as the use of high nickel content cathode materials increases in the next generation of battery technology products. We also supply butyllithium, which is used in the production of polymers, agrochemicals and pharmaceutical products, as well as a range of specialty lithium compounds including high purity lithium metal, which is used in the production of lightweight materials for aerospace applications and non-rechargeable batteries. It is in these applications that we have established a differentiated position in the market through our ability to consistently produce and deliver performance lithium compounds.

Third Quarter 2020 Highlights

The following are the more significant developments in our business during the three months ended September 30, 2020:

- Revenue of $72.6 million for the three months ended September 30, 2020 decreased $25.1 million, or approximately 26%, compared to $97.7 million for the three months ended September 30, 2019 primarily due to lower sales volumes, the result of COVID-19 reducing customer demand, and lower average prices.
- Gross margin of $2.8 million for the three months ended September 30, 2020 decreased $25.5 million or approximately 90%, compared to $28.3 million for the three months ended September 30, 2019 primarily due to lower sales volumes, lower average prices and increased costs due to the financial impact of increased third party lithium carbonate usage and incremental COVID-19 costs to implement safety protocols.
- Adjusted EBITDA of $0.9 million for the three months ended September 30, 2020 decreased $27.3 million, or approximately 97%, compared to $28.2 million for the three months ended September 30, 2019 primarily due to lower sales volumes, lower average prices and increased costs due to the financial impact of increased third party lithium carbonate usage.

COVID-19 Impacts

Business and Operations

During the three months ended September 30, 2020, the COVID-19 pandemic continued to negatively impact our business, operations and financial performance. Worldwide government efforts to contain the spread and mitigate the impact of COVID-19 continued. We still face operational challenges and uncertainties related to the unprecedented global COVID-19 pandemic. The emergency measures imposed and re-imposed by governments on businesses and individuals, including quarantines, travel restrictions, social distancing, closure of non-essential businesses and schools, work from home requirements, and shelter in place orders, among other measures have impacted and may further impact our workforce and operations, and those of our customers and suppliers. The severity of the impact on our business, financial condition and results of operations, continues to evolve and has been varied across geographic regions, and will be depend on how long the pandemic continues, which is currently unknown.

We have manufacturing operations in the U.S., Argentina, China, the United Kingdom, and India, general operations in Singapore, and sales offices in the U.S., China, the United Kingdom, India and Japan. All of these countries have been affected by the COVID-19 pandemic. They have adopted measures to contain it, and they may adopt even stricter measures in the future. In China, the government imposed shutdown orders and travel restrictions, among other measures, which have subsequently been reduced. In the U.S., the President declared a national emergency, which was followed by the imposition of restrictions by State governors, mayors and public officials, including in Pennsylvania and North Carolina where we operate. The government of Argentina, where the Company's primary lithium brine resource is located, enacted an emergency decree ordering a national mandatory quarantine requiring the temporary closure of the Company's local brine operations for approximately two weeks. We expect government measures and restrictions globally to have a negative impact on demand for certain of our products and a negative impact on the efficient operation of our facilities, supply chains and logistics. We have already experienced disruptions and delays within our supply chain and logistics operations in China, Southeast Asia, Argentina and Europe. This includes problems at ports due to national quarantines, difficulties with scheduling cargo ships, additional warehouse costs due to shipment delays, and the restriction of movements by trucks within and between countries.

We continue to see a slowdown in demand for certain of our products and global inventories remain elevated, which has had a downward pressure on prices for certain of our products. More customers are starting to protect their interests by diversifying among multiple suppliers. Some customers are hesitant to enter into longer term agreements while managing their own inventory levels in a more uncertain market environment, which further impacts prices adversely for certain of our products.

In the first quarter of 2020, because of the significant practical constraints resulting from actions being taken by authorities around the world in response to the COVID-19 pandemic, we elected to suspend all capital expansion work globally. There can be no assurance of the timing for when capital expansion work will resume or that it will resume at all. Any significant delay or a failure to resume this work could have an adverse effect on our business, financial condition and results of operations.

The material operational challenges that management and the Board of Directors are monitoring the health and safety of our employees, geographic quarantines, travel restrictions, social distancing, closure of non-essential businesses and schools, work from home requirements, shelter in place orders, and the restriction of movements within and between countries.

Liquidity, Financial Resources, 2025 Notes Issuance and Revolving Credit Facility Amendments

Our working capital was impacted by the effects of COVID-19 during the three months ended September 30, 2020. We expect this to continue during the remainder of 2020 fiscal year and into 2021. The rapid and global spread of COVID-19 has resulted in the disruption and temporary shutdown of the businesses of certain of our customers, contract manufacturers and suppliers, and limits on access to the production facilities of our contract manufacturers and suppliers. Several of our customers, contract manufacturers and suppliers have experienced financial distress and/or suffered disruptions in their business due to the COVID-19 pandemic. Certain of our customers have canceled, postponed or delayed orders or have been delayed in making payments and we may need to offer special payment terms or relief to them and our other customers and we bear the credit risk on such transactions. To the extent that we are not able to reduce our incurrence of short-term obligations in proportion to the expected reduction in our cash flows, this would result in a further reduction in our working capital.

Our uses of cash were impacted by the effects of COVID-19 during the three and nine months ended September 30, 2020. We had an increased use of cash resulting from logistical supply disruptions, such as increased warehousing costs, higher sea shipping costs, and the use of air freight rather than cargo ships to meet more uncertain customer delivery deadlines. We also used cash to purchase additional personal protective equipment for our employees, such as masks and gloves, and for increased cleaning and disinfectant costs, wipes and hand sanitizer, additional medical personnel at our facilities, and increased personnel transportation costs due to social distancing guidelines.

On May 6, 2020, we entered into the First Amendment to the Credit Agreement with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. Among other things, the First Amendment increased our maximum net leverage ratio for the fiscal quarters ending June 30, 2020, September 30, 2020 and December 31, 2020 from 3.5 to 6.0.

On June 25, 2020, we issued \$225 million in aggregate principal amount of 4.125% Convertible Senior Notes due 2025 (the "2025 Notes") in a private offering. On July 7, 2020 we issued an additional \$20.75 million of the 2025 Notes to the initial purchasers under the Over-Allotment Option. Total net proceeds received including Over-Allotment Option were \$238.2 million. The Company used the net proceeds received to repay amounts outstanding under its Revolving Credit Facility.

On August 3, 2020, we entered into the Second Amendment with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. The Second Amendment amended the Credit Agreement, as previously amended by the First Amendment, to replace our maximum total net leverage ratio of 6.0 for the fiscal quarters ending September 30, 2020 and December 31, 2020 with a maximum first lien leverage ratio (as defined in the Credit Agreement) of 3.5. The maximum first lien leverage ratio of 3.5 will continue to apply for the fiscal quarter ended March 31, 2021 and for each fiscal quarter thereafter. The first lien leverage ratio as of any date is the ratio of financial covenant debt as of such date secured by a lien on any asset or property of Livent or its restricted subsidiaries on a pari passu or senior basis with the loans and commitments under the Credit Agreement, minus unrestricted cash and cash equivalents on our balance sheet as of such date, to Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the Credit Agreement, for the last four fiscal quarters ending on or before such date.

See Note 8 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for details on the 2025 Notes, the First Amendment and the Second Amendment.

Corporate Efforts

The Company has responded to the COVID-19 pandemic in a number of ways. We assembled a Global Pandemic Response Team whose global members are taken from different functional areas, including Operations, Finance, Commercial, Legal, Human Resources and Health & Safety. The Global Pandemic Response Team meets on a regular basis, and provides reports to the Executive Leadership team. The Company has also assembled COVID-19 Response Teams at several of its regional locations, who have the responsibility to keep informed of local matters such as government policies and regulations. These Response Teams are helping to shape the Company's policies in response to the COVID-19 pandemic.

The Company has also worked to identify potential new suppliers and logistics providers for its operations in case of further supply chain disruptions. This includes suppliers of chemicals and packaging, and air freight companies. The Company has altered global production schedules to meet changes in customer demand. Future efforts will continue along these lines and be dictated by the particulars of the COVID-19 pandemic. The Company continues to plan for a return to more normalized business operations once the COVID-19 pandemic subsides.

Health & Safety

The Company is working diligently to protect the health and well-being of its employees, customers and other key stakeholders. As an essential business under the rules of the governments in the countries where we operate, our plant personnel continue to remain on the job at their respective facilities. We have instituted numerous safety procedures to protect the health of these plant personnel. This includes temperature checks before an employee enters any one of our facilities, screening questions, the use of masks and gloves where appropriate, and social distancing measures. We are no longer permitting visitors to any of our facilities and all third-party contractors must undergo a vigorous screening process. All workers who can work from home have been requested to do so, and business travel has been substantially reduced. Communications relating to all of these policies and COVID-19 preventative measures are regularly distributed to our employees.

The Company is basing its health and safety protocols on the advice provided by the White House, the Centers for Disease Control, the World Health Organization, and the local government authorities in the countries and regions where it operates.

The Company has implemented the paid sick leave policies under the Families First Coronavirus Response Act. These policies are supplemented by the Company's own paid sick and other leave policies. The Company has not experienced any material employee absences as a result of COVID-19. However, if a significant number of our employees at any one location were to require leave as a result of COVID-19, this could pose a risk to the continued operation of the particular facility and could potentially disrupt our broader operations.

There has been no large-scale rejection of our products by customers due to fears over the transmission of COVID-19 through our products.

Government Programs

The Company continues to evaluate government support and tax relief programs in the countries where it operates. This includes support grants, loans, tax deferrals, and tax credits. The Company is deferring the deposit and payment of the employer's share of social security taxes for the period March 27 through December 31, 2020, pursuant to the CARES Act in accordance with Internal Revenue Service regulations on this matter. In Argentina, the Company postponed employer contributions to an employee social fund for the month of March 2020. In China, the Company obtained a waiver of local social security contributions. In Singapore, the Company received certain wage subsidies for the period October 2019 through June 2020, and benefited from a property tax rebate that was partially passed through by the lessor of its rented space.

Overall, the impact of the COVID-19 pandemic is fluid and continues to evolve, and therefore, we cannot predict the extent to which our business, results of operations, financial condition or liquidity will ultimately be impacted.

Business Outlook

On April 6, 2020, in light of the evolving impact of COVID-19 and the broader uncertainty in the global business environment, the Company withdrew its previously issued full-year 2020 guidance. The Company still plans to provide an updated outlook, if practical, once it has greater clarity regarding the implications of COVID-19 on its business.

We expect a sequential pick-up in volumes in the fourth quarter of 2020. However, average lithium pricing in 2020 has been lower than in 2019. In addition, our costs have been higher due to COVID-19 and the impact of third-party purchased lithium carbonate usage. As a result, we are expecting lower year-on-year profitability comparisons for 2020. All of our capacity expansion plans are currently paused until further notice due to the COVID-19 pandemic and market conditions. We continue to work closely with our customers to understand the pandemic's impact on their businesses as well as the demand recovery in the near term. The timing and scope of our long-term expansion plans will continue to be determined by market conditions, capital considerations, and anticipated customer commitments among other factors.

RESULTS OF OPERATIONS

(in Millions, Except Per Share Data)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(unaudited)			
Revenue	$ 72.6	$ 97.7	$ 206.0	$ 310.0
Cost of sales	69.8	69.4	178.4	215.2
Gross margin	2.8	28.3	27.6	94.8
Selling, general and administrative expenses	10.0	10.2	31.1	29.2
Research and development expenses	1.0	0.9	2.8	2.5
Restructuring and other charges	4.4	0.9	10.1	4.8
Separation-related costs	0.6	2.5	0.8	5.4
Total costs and expenses	85.8	83.9	223.2	257.1
(Loss)/income from operations before loss on debt extinguishment, equity in net loss of unconsolidated affiliate, interest expense, net and income taxes	(13.2)	13.8	(17.2)	52.9
Loss on debt extinguishment	—	—	0.1	—
Equity in net loss of unconsolidated affiliate	0.1	—	0.4	—
Interest expense, net	2.0	—	2.0	—
(Loss)/income from operations before income taxes	(15.3)	13.8	(19.7)	52.9
Income tax (benefit)/expense	(3.5)	(4.2)	(5.8)	2.5
Net (loss)/income	**$ (11.8)**	**$ 18.0**	**$ (13.9)**	**$ 50.4**

In addition to net income, as determined in accordance with U.S. GAAP, we evaluate operating performance using certain non-GAAP measures such as EBITDA, which we define as net income plus interest expense, net, income tax expense/(benefit), and depreciation and amortization, and Adjusted EBITDA, which we define as EBITDA adjusted for restructuring and other charges/(income), separation-related costs and certain other losses/(gains). Management believes the use of these non-GAAP measures allows management and investors to compare more easily the financial performance of its underlying business from period to period. The non-GAAP information provided may not be comparable to similar measures disclosed by other companies because of differing methods used by other companies in calculating EBITDA and Adjusted EBITDA. These measures should not be considered as a substitute for net income or other measures of performance or liquidity reported in accordance with U.S. GAAP. The following table reconciles EBITDA and Adjusted EBITDA from net income.

(in Millions)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net (loss)/income (GAAP)	**$ (11.8)**	**$ 18.0**	**$ (13.9)**	**$ 50.4**
Add back:				
Interest expense, net	2.0	—	2.0	—
Income tax (benefit)/expense	(3.5)	(4.2)	(5.8)	2.5
Depreciation and amortization	6.1	5.8	17.7	15.5
EBITDA (Non-GAAP)	(7.2)	19.6	—	68.4
Add back:				
Certain Argentina remeasurement losses [a]	1.5	5.2	4.4	5.2
Restructuring and other charges [b]	4.4	0.9	10.1	4.8
Separation-related costs [c]	0.6	2.5	0.8	5.4
COVID-19 related costs [d]	1.7	—	1.7	—
Loss on debt extinguishment [e]	—	—	0.1	—
Other loss [f]	(0.1)	—	(0.4)	—
Adjusted EBITDA (Non-GAAP)	**$ 0.9**	**$ 28.2**	**$ 16.7**	**$ 83.8**

(a) Represents impact of currency fluctuations on tax assets and liabilities and on long-term monetary assets associated with our capital expansion as well as significant currency devaluations. The remeasurement gains/(losses) are included within "Cost of sales" in our condensed consolidated statement of operations but are excluded from our calculation of Adjusted EBITDA because of: i.) their nature as income tax related; ii.) their association with long-term capital projects which will not be operational until future periods; or iii.) the severity of the devaluations and their immediate impact on our operations in the country.

(b) We continually perform strategic reviews and assess the return on our business. This sometimes results in management changes or in a plan to restructure the operations of our business. As part of these restructuring plans, demolition costs and write-downs of long-lived assets may occur. Also includes legal fees related to IPO securities litigation, including a settlement accrual, net of insurance reimbursement, of $2.5 million, in the third quarter of 2020.

(c) Represents legal, professional, transaction related fees and other Separation-related activity.

(d) Represents incremental costs associated with COVID-19 recorded in "Cost of sales" in the condensed consolidated statement of operations, including but not limited to, incremental quarantine related absenteeism, incremental facility cleaning costs, pandemic related supplies and personal protective equipment for employees, among other costs; offset by economic relief provided by foreign governments.

(e) Represents the partial write off of deferred financing costs for the temporary reduction in borrowing capacity related to the First Amendment excluded from our calculation of Adjusted EBITDA because the loss is nonrecurring.

(f) Represents a portion of our nonrefundable prepaid research and development costs advanced to our unconsolidated affiliate in the fourth quarter 2019 and excluded from our calculation of Adjusted EBITDA in the same period because the costs represent research and development activities of the affiliate that had not occurred as of December 31, 2019. These costs were included with our calculation of Adjusted EBITDA for the three and nine months ended September 30, 2020 when the costs were incurred at our unconsolidated affiliate.

Three Months Ended September 30, 2020 vs. 2019

Revenue

Revenue of $72.6 million for the three months ended September 30, 2020 (the "2020 Quarter") decreased by approximately 26%, or $25.1 million, compared to $97.7 million for the three months ended September 30, 2019 (the "2019 Quarter") due to lower sales volumes, driven by a decrease in customer demand related to COVID-19, and lower average prices.

Gross margin

Gross margin of $2.8 million for the 2020 Quarter decreased by $25.5 million, or approximately 90%, versus $28.3 million for the 2019 Quarter. The decrease in gross margin was primarily due to lower sales volumes, lower average prices, increased costs due to the financial impact of increased third party lithium carbonate usage and incremental COVID-19 costs to implement safety protocols.

Restructuring and other charges

Restructuring and other charges of $4.4 million for the 2020 Quarter increased by $3.5 million versus $0.9 million for the 2019 Quarter. The increase was primarily due to a settlement accrual, net of insurance reimbursement, of $2.5 million related to the IPO securities litigation (see Note 12 for details) and exit costs and severance related to corporate management changes in the 2020 Quarter (see Note 6 for details).

Separation-related costs

Separation-related costs of $0.6 million for the 2020 Quarter decreased by $1.9 million from $2.5 million for the 2019 Quarter due to incurring less legal and professional fees associated with the IPO and other Separation-related activities in the current-year quarter. Current-year quarter Separation-related activities consisted primarily of legal fees related to the Nemaska arrangement. See Note 12 for details.

Interest expense

Interest expense of $2.0 million for the 2020 Quarter is noncash amortization of debt discount and transaction costs related to the 2025 Notes which represents the excess interest over the amount of interest capitalized in accordance with U.S. GAAP for the 2020 Quarter. All of our interest was capitalized in the 2019 Quarter.

Income tax (benefit)/expense

The decrease in income tax benefit from $3.5 million for the 2020 Quarter compared to the income tax benefit of $4.2 million for the 2019 Quarter, was primarily due to a change in the Company’s jurisdictional mix of earnings and a reduction in the tax benefits associated with fluctuations in foreign currency impacts in Argentina of $1.6 million and $6.6 million respectively. The decrease in income tax benefit was primarily offset by a tax benefit resulting from a reduction in income from operations for the 2020 Quarter.

Net (loss)/income

Net loss of $11.8 million for the 2020 Quarter compared to net income of $18.0 million for the 2019 Quarter was primarily due to lower sales volumes, a decrease in customer demand related to COVID-19, lower average prices, and increased costs due to the financial impact of increased third party lithium carbonate usage and incremental COVID-19 costs to implement safety protocols, partially offset by the income tax benefit of $3.5 million in the current-year period.

Nine Months Ended September 30, 2020 vs. 2019

Revenue

Revenue of $206.0 million for the nine months ended September 30, 2020 ("2020 YTD") decreased by approximately 34%, or $104.0 million, compared to $310.0 million for the nine months ended September 30, 2019 ("2019 YTD"), primarily due to lower sales volumes, driven by a decrease in customer demand related to COVID-19 and lower average prices.

Gross margin

Gross margin of $27.6 million for 2020 YTD decreased by $67.2 million, or approximately 71%, versus $94.8 million for 2019 YTD. The decrease in gross margin was primarily due to lower sales volumes, lower average prices, increased costs due to the financial impact of increased third party lithium carbonate usage and incremental COVID-19 costs to implement safety protocols.

Selling, general and administrative expenses

Selling, general and administrative expenses of $31.1 million for the 2020 YTD increased by $1.9 million, or 7% versus $29.2 million for 2019 YTD. The increase in selling, general and administrative expenses was primarily due to a nonrecurring $2.3 million employee bonus adjustment credit received from FMC in the prior-year period partially offset by a decrease in stand-alone company costs for the current-year period.

Restructuring and other charges

Restructuring and other charges of $10.1 million for 2020 YTD increased by $5.3 million versus $4.8 million for 2019 YTD. We incurred higher Restructuring and other charges for 2020 YTD primarily due to an increase in severance-related and exit costs of $2.3 million and a settlement accrual, net of insurance reimbursement, of $2.5 million recorded in the third quarter of 2020 YTD related to the IPO securities litigation. See Note 6 and Note 12 for details.

Separation-related costs

Separation-related costs of $0.8 million for 2020 YTD decreased $4.6 million from 2019 YTD due to incurring less legal and professional fees associated with the IPO and other Separation-related activities in the current-year quarter. Current-year quarter Separation-related activities consisted primarily of legal fees related to the Nemaska arrangement. See Note 12 for details.

Interest expense

Interest expense of $2.0 million for 2020 YTD is noncash amortization of debt discount and transaction costs related to the 2025 Notes which represents the excess interest over the amount of interest capitalized in accordance with U.S. GAAP for 2020 YTD. All of our interest was capitalized for 2019 YTD.

Income tax (benefit)/expense

The increase in income tax benefit from $5.8 million for 2020 YTD compared to the income tax benefit of $2.5 million for 2019 YTD is primarily due to a reduction in income from operations.

The increase in income tax benefit was partially offset by a change in the Company's jurisdictional mix of earnings and a reduction in the tax benefits associated with fluctuations in foreign currency impacts in Argentina of $4.2 million and $7.6 million for 2020 YTD and 2019 YTD, respectively.

Net (loss)/income

Net loss of $13.9 for 2020 YTD compared to net income of $50.4 million for 2019 YTD was primarily due to lower sales volumes, driven by a decrease in customer demand related to COVID-19, lower average prices and increased costs due to the financial impact of increased third party lithium carbonate usage and incremental COVID-19 costs to implement safety protocols, partially offset by the income tax benefit of $5.8 million in the current-year period.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 30, 2020 and December 31, 2019, were $14.8 million and $16.8 million, respectively. Of the cash and cash equivalents balance at September 30, 2020, $10.9 million were held by our foreign subsidiaries. The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operating activities and future foreign investments. We have not provided additional income taxes for any additional outside basis differences inherent in our investments in subsidiaries because the investments are essentially permanent in duration or we have concluded that no additional tax liability will arise upon disposal. We have concluded the Tax Act has not altered our assertion of identifying reinvested earnings. See Note 9, Part II, Item 8 of our 2019 Annual Report on Form 10-K for more information.

2025 Notes

On June 25, 2020, we issued $225 million in aggregate principal amount of 4.125% Convertible Senior Notes due 2025 in a private offering. On July 7, 2020 we issued an additional $20.75 million of the 2025 Notes to the initial purchasers under the Over-Allotment Option. Total net proceeds received including Over-Allotment Option were $238.2 million. The Company used the net proceeds received to repay amounts outstanding under its Revolving Credit Facility. See Note 8 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for details on the 2025 Notes.

Revolving Credit Facility

The Credit Agreement provides for a $400 million senior secured Revolving Credit Facility, $50 million of which is available for the issuance of letters of credit, with an option, subject to certain conditions and limitations, to increase the aggregate amount of the revolving credit commitments to $600 million. The issuance of letters of credit and the proceeds of revolving credit loans made pursuant to the Revolving Credit Facility are available, and will be used, for general corporate purposes, including capital expenditures and permitted acquisitions, See Note 10, Part II, Item 8 of our 2019 Annual Report on Form 10-K for more information.

Amendments to our Revolving Credit Facility

On May 6, 2020, we entered into the First Amendment to the Credit Agreement (the "First Amendment") with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. Among other things, the First Amendment amended and restated the Original Credit Agreement to (i) increase our maximum net leverage ratio for the fiscal quarters ending June 30, 2020, September 30, 2020 and December 31, 2020 from 3.5 to 6.0, (ii) put a cap of $325 million on our overall borrowings under the Revolving Credit Facility until March 31, 2021, (iii) amend our negative covenant on indebtedness to permit unsecured indebtedness (including convertible debt) up to $350 million, (iv) amend our negative covenants on investments to permit additional investments in Minera del Altiplano S.A., our Argentine subsidiary, (v) restrict our ability to declare or pay cash dividends until March 31, 2021 and (vi) increase the applicable margin on our borrowings by 25 basis points, in each case as described in the First Amendment.

The foregoing description of the First Amendment does not purport to be complete and is qualified in its entirety by reference to the First Amendment, including the amended and restated Credit Agreement attached thereto, which is filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the three months ended March 31, 2020.

On August 3, 2020, we entered into the Second Amendment with FMC Lithium USA Corp., the Guarantors, the Lenders and the Agent. The Second Amendment amended the Credit Agreement, as previously amended by the First Amendment to replace our maximum total net leverage ratio of 6.0 for the fiscal quarters ending September 30, 2020 and December 31, 2020 with a maximum first lien leverage ratio (as defined in the Credit Agreement) of 3.5. The maximum first lien leverage ratio of 3.5 will continue to apply for the fiscal quarter ended March 31, 2021 and for each fiscal quarter thereafter. The first lien leverage ratio as of any date is the ratio of financial covenant debt as of such date secured by a lien on any asset or property of Livent or its restricted subsidiaries on a pari passu or senior basis with the loans and commitments under the Credit Agreement, minus unrestricted cash and cash equivalents on our balance sheet as of such date, to Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the Credit Agreement, for the last four fiscal quarters ending on or before such date.

The foregoing description of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the Second Amendment and the Credit Agreement, which Second Amendment is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.

We had $224.1 million and $154.6 million debt outstanding as of September 30, 2020 and December 31, 2019, respectively. Among other restrictions, our Revolving Credit Facility contains financial covenants applicable to Livent and its consolidated subsidiaries related to leverage (measured as the ratio of debt to adjusted earnings) and interest coverage (measured as the ratio of adjusted earnings to interest expense). Our maximum allowable first lien leverage ratio is 3.5 as of September 30, 2020. Our minimum allowable interest coverage ratio is 3.5. We were in compliance with all covenants at September 30, 2020.

Statement of Cash Flows

Cash provided by operating activities was $1.5 million and $64.9 million for the nine months ended September 30, 2020 and 2019, respectively.

The cash provided by operating activities for 2020 YTD as compared to the cash provided by operating activities for 2019 YTD was primarily driven by lower net income and a decrease in our accounts payables, partially offset by increased collections of our trade receivables in and a $23.7 million payment in the first quarter of 2019 to FMC related to Separation matters.

Cash required by investing activities was $(111.8) million and $(125.4) million for the nine months ended September 30, 2020 and 2019, respectively.

The decrease in cash required by investing activities for 2020 YTD compared to 2019 YTD is primarily due to the Company's election to suspend all capital expansion work globally in March 2020, resulting in decreased capital expenditures for production capacity of lithium carbonate and hydroxide.

Cash provided by financing activities was $108.2 million and $55.9 million for the nine months ended September 30, 2020 and 2019, respectively.

For the first half of 2020 YTD and 2019 YTD, net cash proceeds for financing activities was provided primarily by net draws on our Revolving Credit Facility which were used for capital expenditures for production capacity of lithium carbonate and hydroxide. In 2020 YTD, the Company used the $238.2 million total net proceeds received for the 2025 Notes including Over-Allotment Option to repay amounts outstanding under its Revolving Credit Facility.

Other potential liquidity needs

We plan to meet our liquidity needs through available cash, cash generated from operations, borrowings under the committed Revolving Credit Facility, and other potential working capital financing strategies that may be available to us. At September 30, 2020, our remaining borrowing capacity under our Revolving Credit Facility, subject to meeting our debt covenants, is $288.9 million, including letters of credit utilization. The First Amendment puts a cap of $325 million on our overall borrowings under the Revolving Credit Facility until March 31, 2021.

We expect the COVID-19 pandemic uncertainties, recent market factors, including industry oversupply conditions and decreased pricing levels, to continue in 2020. Our net leverage ratio may increase during the next 12 months as it will continue to be determined, in large part, by our ability to manage the timing and amount of our capital expenditures, which is within our control; achieve forecasted operating results and to pursue other working capital financing strategies that may be available to us, which is less certain and outside our control. In the first quarter of 2020, we slowed the pace of our carbonate expansion in Argentina and paused our lithium hydroxide expansion project in Bessemer City, NC to align its expected completion with that of phase 1 in Argentina. In March 2020, because of the significant practical constraints resulting from actions being taken by authorities around the world in response to the COVID-19 pandemic, the Company elected to suspend all capital expansion work globally. This reduced projected capital spending for 2020 by approximately 50%, with the current estimate of total capital spending in 2020 being $115 million, excluding capitalized interest. Uncertainties in future global market conditions resulting from the COVID-19 pandemic currently makes projections, particularly in the near-term, more challenging. Livent remains committed to its long-term expansion plans. The restart of its capital projects will be driven by the absence of COVID-19 related imposed restrictions coupled with improved pricing dynamics or firm long-term commitments from customers.

Additionally, on April 6, 2020, in light of the evolving impact of COVID-19 and the broader uncertainty in the global business environment, the Company withdrew its previously issued full-year 2020 guidance. The Company still plans to provide an updated outlook, if practical, once it has greater clarity regarding the implications of COVID-19 on its business. The company remains focused on maintaining its financial flexibility and will continue to manage its cash flow and capital allocation decisions to navigate through this challenging environment.

We believe that our available cash and cash from operations, together with our borrowing availability under the Revolving Credit Facility and other potential working capital financing strategies that may be available to us, will provide adequate liquidity for the next 12 months. Access to capital and the availability of financing on acceptable terms in the future will be affected by many factors, including our credit rating, economic conditions, the COVID-19 pandemic and the overall liquidity of capital markets.

Commitments and Contingencies

See Note 12 to these condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Commitments

Information related to our contractual commitments at December 31, 2019 can be found in a table included within Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations within our 2019 Annual Report on Form 10-K. There have been no significant changes to our contractual commitments during the period ended September 30, 2020.

Climate Change

A detailed discussion related to climate change can be found in Part II, Item 7 of our 2019Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

DERIVATIVE FINANCIAL INSTRUMENTS AND MARKET RISKS

Our earnings, cash flows and financial position are exposed to market risks relating to fluctuations in commodity prices, interest rates and foreign currency exchange rates. Our policy is to minimize exposure to our cash flow over time caused by changes in interest and currency exchange rates. To accomplish this, we have implemented a controlled program of risk management consisting of appropriate derivative contracts entered into with major financial institutions.

The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates and prices. The range of changes chosen reflects our view of changes that are reasonably possible over a one-year period. Market value estimates are based on the present value of projected future cash flows considering the market rates and prices chosen.

At September 30, 2020, our cash flow hedge derivative instruments outstanding were a net liability of $0.2 million. Since our risk management programs are generally highly effective, the potential loss in value for each risk management portfolio described below would be largely offset by changes in the value of the underlying exposure.

Foreign Currency Exchange Rate Risk

Our worldwide operations expose us to currency risk from sales, purchases, expenses and intercompany loans denominated in currencies other than the U.S. dollar, our functional currency. The primary currencies for which we have exchange rate exposure are the Euro, the British pound, the Chinese yuan, the Argentine peso, and the Japanese yen. Foreign currency debt and foreign exchange forward contracts are used in countries where we do business, thereby reducing our net asset exposure. Foreign exchange forward contracts are also used to hedge firm and highly anticipated foreign currency cash flows. We currently do not hedge foreign currency risks associated with the Argentine peso due to the limited availability and the high cost of suitable derivative instruments.

To analyze the effects of changing foreign currency rates, we have performed a sensitivity analysis in which we assume an instantaneous 10% change in the foreign currency exchange rates from their levels at the balance sheet date with all other variables (including interest rates) held constant. As of December 31, 2019, we had no open derivative cash flow hedge contracts.

		Hedged Currency vs. Functional Currency	
(in Millions)	**Net asset/(liability) position on consolidated balance sheets**	**Net liability position with 10% strengthening**	**Net asset position with 10% weakening**
Net asset/(liability) position as of September 30, 2020	$ (0.2)	$ (0.9)	$ 0.4

Interest Rate Risk

One of the strategies that we can use to manage interest rate exposure is to enter into interest rate swap agreements. In these agreements, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated on an agreed-upon notional principal amount. As of September 30, 2020, we had no interest rate swap agreements.

Our debt portfolio at September 30, 2020 is composed of variable-rate debt consisting of borrowings under our Revolving Credit Facility and fixed-rate debt on the principal amounts of our 2025 Notes. Changes in interest rates affect different portions of our variable-rate debt portfolio in different ways. Based on the variable-rate debt in our debt portfolio at September 30, 2020, a one percentage point increase or decrease in interest rates would have increased or decreased, respectively, gross interest expense by $0.9 million for the nine months ended September 30, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is provided in "Derivative Financial Instruments and Market Risks," under Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. Based on management's evaluation (with the participation of the company's Chief Executive Officer and Chief Financial Officer), the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2020, the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to provide reasonable assurance that information required to be disclosed by the Company in reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Change in Internal Controls. There have been no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2020, that materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in legal proceedings from time to time in the ordinary course of our business, including with respect to workers' compensation matters. Based on information currently available and established reserves, we have no reason to believe that the ultimate resolution of any known legal proceeding will have a material adverse effect on our financial position, liquidity or results of operations. However, there can be no assurance that the outcome of any such legal proceeding will be favorable, and adverse results in certain of these legal proceedings could have a material adverse effect on our financial position, results of operations in any one reporting period, or liquidity. Except as set forth in Note 12 to our financial statements, which is incorporated herein by reference to the extent applicable, there are no material changes from the legal proceedings previously disclosed in our 2019 Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A of our 2019 Annual Report on Form 10-K, in our Current Report on Form 8-K, filed with the SEC on April 6, 2020, and in Part II, Item 1A of our Quarterly Report on Form 10-Q, filed with the SEC on August 6, 2020, which are available at www.sec.gov and on our website at www.livent.com. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or future results.

Forward-Looking Information

We wish to caution readers not to place undue reliance on any forward-looking statements contained herein, which speak only as of the date made. We specifically decline to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Repurchases of Common Shares

A summary of our repurchases of Livent's common stock for the three months ended September 30, 2020 is as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (2)
July 1 through July 31, 2020	957	$ 7.04	$ —	$ —
August 1 through August 31, 2020	426	$ 7.30	—	—
September 1 through September 30, 2020	402	$ 7.57	—	—
Total Q3 2020	1,785	$ 7.22	$ —	$ —

(1) The trustee of the Livent NQSP reacquires shares of Livent common stock from time to time through open-market purchases relating to investments by employees in our common stock, one of the investment options available under the Livent NQSP. Such shares are held in a trust fund and recorded to Treasury stock in our condensed consolidated balance sheets.

(2) We have no publicly announced stock repurchase programs.

ITEM 6. EXHIBITS

*10.1	Second Amendment to the Credit Agreement, dated August 3, 2020, by and among Livent Corporation, FMC Lithium USA Corp., the guarantor subsidiaries described therein, Citibank, N.A., as administrative agent, and the lenders and issuing banks listed therein.(Exhibit 10.2 to Quarterly Report on Form 10-Q for the three months ended June 30, 2020)
31.1	Certifying Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certifying Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifying Statement of the Chief Executive Officer pursuant to Section 1350 of Title 18 of the United States Code
32.2	Certifying Statement of the Chief Financial Officer pursuant to Section 1350 of Title 18 of the United States Code
101	Interactive Data File
104	The cover page from Livent Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, formatted in Inline XBRL.

*Incorporated by reference

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIVENT CORPORATION
(Registrant)

By: /s/ GILBERTO ANTONIAZZI

Gilberto Antoniazzi,
Vice President and Chief Financial Officer

Date: November 5, 2020

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Paul W. Graves, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Livent Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ Paul W. Graves

Paul W. Graves
President and Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Gilberto Antoniazzi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Livent Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ Gilberto Antoniazzi

Gilberto Antoniazzi
Vice President and Chief Financial Officer

Exhibit 32.1

CEO CERTIFICATION OF QUARTERLY REPORT

I, Paul W. Graves, President and Chief Executive Officer of Livent Corporation (“the Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, based on my knowledge that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2020

/s/ Paul W. Graves

Paul W. Graves
President and Chief Executive Officer

Exhibit 32.2

CFO CERTIFICATION OF QUARTERLY REPORT

I, Gilberto Antoniazzi, Vice President and Chief Financial Officer of Livent Corporation (“the Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, based on my knowledge that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2020

/s/ Gilberto Antoniazzi

Gilberto Antoniazzi
Vice President and Chief Financial Officer