

**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 **June 30, 2022**

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
(State or other jurisdiction of
incorporation or organization)
1818 Market Street
(Address of principal executive offices)

Philadelphia

Pennsylvania

82-4699376
(I.R.S. Employer
Identification No.)
19103
(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	<input checked="" type="checkbox"/>	ACCELERATED FILER	<input type="checkbox"/>
NON-ACCELERATED FILER	<input type="checkbox"/>	SMALLER REPORTING COMPANY	<input type="checkbox"/>
		EMERGING GROWTH COMPANY	<input type="checkbox"/>

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 June 30, 2022, there were 179,270,450 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
ASU	Accounting Standards Update, under U.S. GAAP
Credit Agreement	The Original Credit Agreement, as amended.
EAETR	Estimated annual effective tax rate
ESG	Environmental, social and governance
EV	Electric vehicle
FASB	Financial Accounting Standards Board
FMC	FMC Corporation
Livent NQSP	Livent Non-Qualified Savings Plan
Nemaska	Nemaska Lithium Shawinigan Transformation Inc., a subsidiary of Nemaska Lithium Inc., a Canadian lithium company based in Québec, Canada
Nemaska Project	The ownership and operation of the business previously conducted by Nemaska, through a joint venture in which Livent owns a 50% equity interest through its ownership of QLP.
Offering	On June 15, 2021, the Company closed on the issuance of 14,950,000 shares of its common stock, par value \$0.001 per share, at a public offering price of \$17.50 per share, in an underwritten public offering. Total net proceeds from the offering were \$252.2 million, after deducting underwriters' fees and offering expenses payable by the Company.
OEM	Original equipment manufacturer
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.
PRSU	Performance-based restricted stock unit
QLP	Québec Lithium Partners (UK) Limited, a wholly owned subsidiary of Livent. QLP owns a 50% equity interest in the Nemaska Project.
QLP Merger	On June 6, 2022, Livent closed on the Transaction Agreement and Plan of Merger with The Pallinghurst Group to provide Livent with a direct 50% ownership interest in the Nemaska Project. Livent issued 17,500,000 shares of its common stock to acquire the remaining 50% share of Québec Lithium Partners (UK) Limited, previously owned by The Pallinghurst Group and certain of its investors.
Revolving Credit Facility	Livent's \$400 million senior secured revolving credit facility
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933
Separation	On October 15, 2018, Livent completed its initial public offering and sold 20 million shares of Livent common stock to the public at a price of \$17.00 per share.
TSR	Total Shareholder Return
U.S. GAAP	United States Generally Accepted Accounting Principles
VAT	Value-added tax

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIVENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in Millions, Except Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)			
Revenue	\$ 218.7	\$ 102.2	\$ 362.2	\$ 193.9
Cost of sales	116.2	81.8	199.8	160.2
Gross margin	102.5	20.4	162.4	33.7
Selling, general and administrative expenses	13.8	11.7	25.6	22.4
Research and development expenses	0.8	0.7	1.7	1.4
Restructuring and other charges	2.9	2.0	3.9	2.3
Separation-related costs	0.3	0.6	0.4	0.5
Total costs and expenses	134.0	96.8	231.4	186.8
Income from operations before equity in net loss of unconsolidated affiliate, interest expense, net and other gain	84.7	5.4	130.8	7.1
Equity in net loss of unconsolidated affiliate	2.7	1.4	4.9	2.7
Interest expense, net	—	—	—	0.3
Other gain	(8.2)	—	(22.2)	—
Income from operations before income taxes	90.2	4.0	148.1	4.1
Income tax expense/(benefit)	30.2	(2.5)	34.9	(1.6)
Net income	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.7
Net income per weighted average share - basic	\$ 0.36	\$ 0.04	\$ 0.69	\$ 0.04
Net income per weighted average share - diluted	\$ 0.31	\$ 0.04	\$ 0.58	\$ 0.03
Weighted average common shares outstanding - basic	166.6	148.7	164.2	147.6
Weighted average common shares outstanding - diluted	196.5	178.0	194.0	177.0

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

LIVENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)			
Net income	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.7
Other comprehensive (loss)/income, net of tax:				
Foreign currency adjustments:				
Foreign currency translation (loss)/gain arising during the period	(4.4)	1.2	(5.4)	0.9
Total foreign currency translation adjustments	(4.4)	1.2	(5.4)	0.9
Derivative instruments:				
Unrealized hedging (losses)/gains, net of tax of less than \$(0.1), zero, zero, and less than \$0.1	(0.1)	—	—	0.1
Reclassification of deferred hedging gains included in net income, net of tax of zero, less than \$0.1, zero and zero	—	0.1	—	—
Total derivative instruments, net of tax of \$(0.1), less than \$0.1, zero, and less than \$0.1	(0.1)	0.1	—	0.1
Other comprehensive (loss)/income, net of tax	(4.5)	1.3	(5.4)	1.0
Comprehensive income	\$ 55.5	\$ 7.8	\$ 107.8	\$ 6.7

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)

	June 30, 2022	December 31, 2021
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49.0	\$ 113.0
Trade receivables, net of allowance of approximately \$0.3 in 2022 and \$0.3 in 2021	132.8	96.4
Inventories, net	156.3	134.6
Prepaid and other current assets	48.2	55.3
Total current assets	386.3	399.3
Investments	421.3	27.2
Property, plant and equipment, net of accumulated depreciation of \$248.0 in 2022 and \$243.0 in 2021	803.2	677.9
Deferred income taxes	0.6	0.9
Right of use assets - operating leases, net	5.5	6.3
Other assets	104.5	90.9
Total assets	\$ 1,721.4	\$ 1,202.5
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 13.5	\$ —
Accounts payable, trade and other	82.9	65.4
Accrued and other liabilities	49.4	61.8
Operating lease liabilities - current	1.1	1.1
Income taxes	1.9	3.0
Total current liabilities	148.8	131.3
Long-term debt	241.2	240.4
Operating lease liabilities - long-term	4.5	5.4
Environmental liabilities	5.7	5.6
Deferred income taxes	24.9	12.7
Other long-term liabilities	16.2	11.7
Commitments and contingent liabilities (Note 13)	—	—
Total current and long-term liabilities	441.3	407.1
Equity		
Common stock; \$0.001 par value; 2 billion shares authorized; 179,374,126 and 161,791,602 shares issued; 179,270,450 and 161,689,984 outstanding as of June 30, 2022 and December 31, 2021, respectively	0.1	0.1
Capital in excess of par value of common stock	1,155.1	778.1
Retained earnings	174.1	60.9
Accumulated other comprehensive loss	(48.3)	(42.9)
Treasury stock, at cost; 103,676 and 101,618 shares as of June 30, 2022 and December 31, 2021, respectively	(0.9)	(0.8)
Total equity	1,280.1	795.4
Total liabilities and equity	\$ 1,721.4	\$ 1,202.5

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

LIVENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Millions)	Six Months Ended June 30,	
	2022	2021
	(unaudited)	
Cash provided by operating activities:		
Net income	\$ 113.2	\$ 5.7
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	12.8	12.5
Restructuring and other charges/(income)	4.3	(0.7)
Deferred income taxes	12.5	(3.0)
Separation-related income	(0.3)	(0.1)
Share-based compensation	3.4	2.6
Change in investments in trust fund securities	(0.2)	0.1
Loss on disposal of assets	0.1	—
Deferred financing fees amortization	—	0.3
Equity in net loss of unconsolidated affiliate	4.9	2.7
Other gain, Blue Chip Swap	(22.2)	—
Changes in operating assets and liabilities:		
Trade receivables, net	(40.7)	(6.8)
Inventories	(25.1)	0.9
Accounts payable, trade and other	19.5	3.5
Changes in deferred compensation	0.8	1.1
Income taxes	(1.1)	0.7
Change in prepaid and other current assets and other assets	(7.9)	16.9
Change in accrued and other current and long-term liabilities	(12.8)	(5.8)
	Cash provided by operating activities	30.6
Cash used in investing activities:		
Capital expenditures ⁽¹⁾	(136.6)	(40.4)
Investments in Livent NQSP securities	(0.7)	(1.1)
Proceeds from Blue Chip Swap, net of purchases	22.2	—
Investment in unconsolidated affiliate	(8.0)	—
Other investing activities	(1.0)	(1.2)
	Cash used in investing activities	(42.7)
Cash provided by financing activities:		
Proceeds from Revolving Credit Facility	—	39.5
Repayments of Revolving Credit Facility	—	(75.1)
Proceeds from Offering	—	261.6
Payments of underwriting fees and expenses - Offering	—	(9.3)
Proceeds from issuance of common stock - incentive plans	0.3	0.2
Purchases of treasury stock - Livent NQSP	(0.1)	—
	Cash provided by financing activities	216.9
Effect of exchange rate changes on cash and cash equivalents	(1.3)	0.2
(Decrease)/increase in cash and cash equivalents	(64.0)	205.0
Cash and cash equivalents, beginning of period	113.0	11.6
Cash and cash equivalents, end of period	\$ 49.0	\$ 216.6

LIVENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Six Months Ended June 30,	
	2022	2021
Supplemental Disclosure for Cash Flow:	(unaudited)	
Cash payments/(refunds) for income taxes, net of refunds	\$ 24.4	\$ (0.4)
Cash payments for interest ⁽¹⁾	\$ 6.1	\$ 7.3
Cash (receipts)/payments for Restructuring and other charges	\$ (0.4)	\$ 3.0
Cash payments for Separation-related charges	\$ 0.6	\$ 0.6
Accrued capital expenditures	\$ 34.5	\$ 6.7
Accrued transaction costs - investment in unconsolidated affiliate	\$ 9.7	\$ —
Non-cash investment in unconsolidated affiliates	\$ 387.1	\$ 2.6
Operating lease right-of-use assets and lease liabilities recorded for ASC 842	\$ —	\$ 2.1

1. For the six months ended June 30, 2022, and 2021 \$8.0 million and \$7.7 million of interest expense was capitalized, respectively.

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, December 31, 2020	\$ 0.1	\$ 520.9	\$ 60.3	\$ (44.4)	\$ (0.7)	\$ 536.2
Net loss	—	—	(0.8)	—	—	(0.8)
Stock compensation plans	—	1.2	—	—	—	1.2
Exercise of stock options	—	0.2	—	—	—	0.2
Shares withheld for taxes - common stock issuances	—	(0.8)	—	—	—	(0.8)
Net purchases of treasury stock - Livent NQSP	—	—	—	—	(0.1)	(0.1)
Foreign currency translation adjustments	—	—	—	(0.3)	—	(0.3)
Balance, March 31, 2021	<u>\$ 0.1</u>	<u>\$ 521.5</u>	<u>\$ 59.5</u>	<u>\$ (44.7)</u>	<u>\$ (0.8)</u>	<u>\$ 535.6</u>
Net income	—	—	6.5	—	—	6.5
Stock compensation plans	—	1.4	—	—	—	1.4
Net hedging gains, net of income tax	—	—	—	0.1	—	0.1
Foreign currency translation adjustments	—	—	—	1.2	—	1.2
Issuance of common stock - Offering	—	252.3	—	—	—	252.3
Balance, June 30, 2021	<u>\$ 0.1</u>	<u>\$ 775.2</u>	<u>\$ 66.0</u>	<u>\$ (43.4)</u>	<u>\$ (0.8)</u>	<u>\$ 797.1</u>
Balance, December 31, 2021	\$ 0.1	\$ 778.1	\$ 60.9	\$ (42.9)	\$ (0.8)	\$ 795.4
Net income	—	—	53.2	—	—	53.2
Stock compensation plans	—	1.7	—	—	—	1.7
Exercise of stock options	—	0.1	—	—	—	0.1
Shares withheld for taxes - common stock issuances	—	(0.5)	—	—	—	(0.5)
Net hedging gains, net of income tax	—	—	—	0.1	—	0.1
Foreign currency translation adjustments	—	—	—	(1.0)	—	(1.0)
Balance, March 31, 2022	<u>\$ 0.1</u>	<u>\$ 779.4</u>	<u>\$ 114.1</u>	<u>\$ (43.8)</u>	<u>\$ (0.8)</u>	<u>\$ 849.0</u>
Net income	—	—	60.0	—	—	60.0
Stock compensation plans	—	1.8	—	—	—	1.8
Issuance of common stock - QLP Merger	—	373.9	—	—	—	373.9
Exercise of stock options	—	0.2	—	—	—	0.2
Shares withheld for taxes - common stock issuances	—	(0.2)	—	—	—	(0.2)
Reclassification of deferred hedging gains, net of income tax	—	—	—	(0.1)	—	(0.1)
Net purchases of treasury stock - Livent NQSP	—	—	—	—	(0.1)	(0.1)
Foreign currency translation adjustments	—	—	—	(4.4)	—	(4.4)
Balance, June 30, 2022	<u>\$ 0.1</u>	<u>\$ 1,155.1</u>	<u>\$ 174.1</u>	<u>\$ (48.3)</u>	<u>\$ (0.9)</u>	<u>\$ 1,280.1</u>

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

LIVENT CORPORATION

Notes to the 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 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. A major growth driver for lithium in the future will be the increasing adoption of electric vehicles ("EVs") and other energy storage applications.

Most markets for lithium chemicals are global with significant growth occurring in Asia, followed by Europe 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.

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 as of June 30, 2022 and December 31, 2021, the condensed consolidated results of operations for the six months ended June 30, 2022 and 2021, and the condensed consolidated cash flows for the six months ended June 30, 2022 and 2021. 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 financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report on Form 10-K").

Blue Chip Swap. Our wholly owned subsidiary in Argentina uses the U.S. dollar as their functional currency. Argentina peso-denominated monetary assets and liabilities are remeasured at each balance sheet date to the official currency exchange rate then in effect which represents the exchange rate available for external commerce (import payments and export collections) and financial payments, with currency remeasurement and other transaction gains and losses recognized in earnings. In September 2019, the President of Argentina reinstated exchange controls restricting foreign currency purchases in an attempt to stabilize Argentina's financial markets. As a result, a legal trading mechanism known as the Blue Chip Swap emerged in Argentina for all individuals or entities to transfer U.S. dollars out of and into Argentina. The Blue Chip Swap rate is the implicit exchange rate resulting from the Blue Chip Swap transaction. Recently, the Blue Chip Swap rate has diverged significantly from Argentina's official rate due to the economic environment. During the first half of 2022, to support our capital expansion projects, we transferred U.S. dollars into Argentina through the Blue Chip Swap method whereby our wholly owned Delaware subsidiary, MDA Lithium Holdings LLC, realized a cash gain from the purchase in U.S. dollars and sale in Argentina pesos of Argentina Sovereign U.S. dollar-denominated bonds. The cash gain of U.S. \$8.2 million and \$22.2 million for the three and six months ended June 30, 2022, respectively, was recorded to Other gain in our condensed consolidated statement of operations.

Performance-Based Restricted Stock Unit ("PRSU") Awards. The Company granted approximately sixty-three thousand PRSUs ("2022 PRSUs") to key employees on February 23, 2022, as authorized under the provisions of the Livent Corporation 2018 Incentive Compensation and Stock Plan. The number of PRSUs ultimately earned will be based on Livent's Total Shareholder Return ("TSR") relative to the TSR of the companies in the Russell 3000 Chemical Supersector Index over a three year performance period from January 1, 2022 through December 31, 2024 (the "Performance Period"). The final number of PRSUs earned will range from 0% to 200% of the number of PRSUs granted based on the Company's relative TSR performance over the Performance Period.

Because the value of the 2022 PRSUs is dependent upon the attainment of a level of TSR, it requires the impact of the market condition to be considered when estimating the fair value of the 2022 PRSUs. As a result, the Monte Carlo model is applied and the most significant valuation assumptions used related to the 2022 PRSUs during the year ending December 31, 2022, include:

Valuation date stock price	\$21.01
Expected volatility	72.99%
Risk free rate	1.74%

LIVENT CORPORATION

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

The February 23, 2022 grant date fair value of each PRSU granted was \$20.82 per share.

There were no other significant changes to our accounting policies that are set forth in detail in Note 2 to our annual consolidated financial statements in Part II, Item 8 of our 2021 Annual Report on Form 10-K.

Note 3: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items**New accounting guidance and regulatory items**

In November 2021, the Financial Accounting Standard Board ("FASB") issued ASU No. 2021-10, *Government Assistance (Topic 832)*. This ASU requires business entities to disclose information about government assistance they receive if the transactions were accounted for by analogy to either a grant or a contribution accounting model. The disclosure requirements include the nature of the transaction and the related accounting policy used, the line items on the balance sheets and statements of operations that are affected and the amounts applicable to each financial statement line item and the significant terms and conditions of the transactions. The ASU is effective for annual periods beginning after December 15, 2021. The disclosure requirements can be applied either retrospectively or prospectively to all transactions in the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application. We are evaluating the impact of this ASU on our 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 do not expect adoption to have 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 (based on product destination) and by product categories. The following table provides information about disaggregated revenue by major geographical region:

(in Millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	2021	2022	2021	2021
North America ⁽¹⁾⁽²⁾	\$ 41.2	\$ 15.0	\$ 15.0	\$ 62.5	\$ 28.3	\$ 28.3
Latin America	1.1	—	—	1.1	—	—
Europe, Middle East & Africa	32.0	14.2	14.2	46.7	31.7	31.7
Asia Pacific ⁽¹⁾⁽²⁾	144.4	73.0	73.0	251.9	133.9	133.9
Total Revenue	\$ 218.7	\$ 102.2	\$ 102.2	\$ 362.2	\$ 193.9	\$ 193.9

- During the three months ended June 30, 2022, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S., and China. Sales for the three months ended June 30, 2022 for Japan, the U.S., and China totaled \$54.2 million, \$39.6 million, \$64.6 million, respectively. During the six months ended June 30, 2022, countries with sales in excess of 10% of combined revenue consisted of Japan, the U.S., and China. Sales for the six months ended June 30, 2022 for Japan, the U.S., and China totaled \$84.8 million, \$60.5 million, \$123.8 million, respectively. During the three months ended June 30, 2021, countries with sales in excess of 10% of combined revenue consisted of Japan, South Korea, the U.S. and China. Sales for the three months ended June 30, 2021 for Japan, South Korea, the U.S. and China totaled \$23.9 million, \$19.4 million, \$14.7 million and \$26.2 million, respectively. During the six months ended June 30, 2021, countries with sales in excess of 10% of combined revenue consisted of Japan, South Korea, the U.S. and China. Sales for the six months ended June 30, 2021 for Japan, South Korea, the U.S. and China totaled \$40.6 million, \$30.5 million, \$27.8 million and \$53.3 million, respectively.
- In the fourth quarter of 2021, we reclassified certain revenue from the nine months ended September 30, 2021 from North America to Asia Pacific to present revenue based on product destination.

For the three months ended June 30, 2022, one customer accounted for approximately 21% of total revenue and our 10 largest customers accounted in aggregate for approximately 63% of total revenue. For the three months ended June 30, 2021, one customer accounted for approximately 36% of total revenue and our 10 largest customers accounted in aggregate for approximately 70% of total revenue. For the six months ended June 30, 2022, one customer accounted for approximately 23% of total revenue and our 10 largest customers accounted in aggregate for approximately 63% of total revenue. For the six

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

months ended June 30, 2021, one customer accounted for approximately 36% of total revenue and our 10 largest customers accounted in aggregate for approximately 67% of total 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Lithium Hydroxide	\$ 113.6	\$ 59.8	\$ 181.1	\$ 109.7
Butyllithium	81.2	22.9	114.9	48.7
High Purity Lithium Metal and Other Specialty Compounds	16.7	9.0	30.1	17.9
Lithium Carbonate and Lithium Chloride	7.2	10.5	36.1	17.6
Total Revenue	\$ 218.7	\$ 102.2	\$ 362.2	\$ 193.9

Contract asset and contract liability balances

The following table presents the opening and closing balances of our receivables, net of allowances. As of June 30, 2022 and December 31, 2021, there were no significant contract liabilities recorded in the consolidated balance sheets.

(in Millions)	Balance as of June 30, 2022	Balance as of December 31, 2021	Increase
Receivables from contracts with customers, net of allowances	\$ 132.8	\$ 96.4	\$ 36.4

The balance of receivables from contracts with customers listed in the table above represents the current trade receivables (including buy/sell arrangements), 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

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 unsatisfied is approximately \$763 million in the next three years. 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. 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.

On July 25, 2022 we entered into a long-term supply agreement with a customer to deliver battery-grade lithium hydroxide over six years between 2025 and 2030. The contract includes an advance payment from the customer of \$198 million, payable within 60 days of signing. Revenue will be recognized as volumes are delivered. Any unrecognized deferred revenue is refundable if the agreement is terminated for any reason.

Note 5: Inventories, Net

Inventories consisted of the following:

(in Millions)	June 30, 2022	December 31, 2021
Finished goods	\$ 44.8	\$ 52.2
Semi-finished goods	62.1	43.6
Raw materials, supplies, and other	49.4	38.8
Inventory, net	\$ 156.3	\$ 134.6

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

Note 6: Investments

On June 6, 2022, Livent closed on the Transaction Agreement and Plan of Merger (the "QLP Merger") with The Pallinghurst Group ("Pallinghurst") to provide Livent with a direct 50% ownership interest in the Nemaska Project, a fully integrated lithium chemical asset located in Québec, Canada that is not yet in commercial production. The Company issued 17,500,000 shares of its common stock to acquire the remaining 50% share of Québec Lithium Partners (UK) Limited ("QLP") previously owned by Pallinghurst and certain of its investors. Upon consummation of the QLP Merger, Livent recorded an Investment of \$387.1 million, Cash and cash equivalents of \$0.3 million and Short-term debt of \$13.5 million, representing QLP's equity method investment in the Nemaska Project, cash on hand, and debt, respectively, with a corresponding increase to additional paid in capital of \$373.9 million in its consolidated balance sheet. Livent now owns a 50% equity interest in the Nemaska Project through its ownership of QLP. The Canadian government, through Investissement Québec ("IQ"), will continue to own the remaining 50% interest in the Nemaska Project.

The Company accounts for the investment in the Nemaska Project as an equity method investment on a one-quarter lag basis and it is included in Investments in our condensed consolidated balance sheets. For the three and six months ended June 30, 2022, we recorded a \$2.7 million and \$4.9 million loss, respectively, related to our equity interest in the Nemaska Project to Equity in net loss of unconsolidated affiliate in our condensed consolidated statement of operations. The carrying amount of our equity interest in the Nemaska Project was \$418.0 million (representing our 50% direct interest) and \$23.8 million (representing our 25% indirect interest) as of June 30, 2022 and December 31, 2021, respectively.

Note 7: Restructuring and Other Charges

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

(in Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Restructuring charges:				
Severance-related and exit costs ⁽¹⁾	\$ —	\$ 0.1	\$ 0.5	\$ 0.1
Other charges:				
Environmental remediation ⁽²⁾	0.1	0.1	0.2	0.2
Other ⁽³⁾	2.8	1.8	3.2	2.0
Total Restructuring and other charges	\$ 2.9	\$ 2.0	\$ 3.9	\$ 2.3

1. The six months ended June 30, 2022 includes severance costs for management changes at certain administrative facilities.
2. There is one environmental remediation site in Bessemer City, North Carolina.
3. Three and six months ended June 30, 2022 and 2021 consists primarily of transaction-related legal fees and miscellaneous nonrecurring transactions.

Note 8: 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.

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

Provision for income taxes for the three and six months ended June 30, 2022 was \$30.2 million and \$34.9 million resulting in an effective tax rate of 33.5% and 23.6%, respectively. Provision for income taxes for the three and six months ended June 30, 2021 was a benefit of \$(2.5) million and \$(1.6) million resulting in a negative effective tax rate of (62.5)% and (39.0)%, respectively.

Note 9: Debt**Long-term debt**

Long-term debt consists of the following:

(in Millions)	Interest Rate Percentage		Maturity Date	June 30, 2022	December 31, 2021	
	LIBOR borrowings	Base rate borrowings				
Revolving Credit Facility ⁽¹⁾	4.04%	6.0%	2023	\$ —	\$ —	
Deferred Payment Note			8.0%	2022	13.5	—
4.125% Convertible Senior Notes due 2025			4.125%	2025	245.8	245.8
Transaction costs - 2025 Notes				(4.6)	(5.4)	
Subtotal long-term debt (including current maturities)				254.7	240.4	
Less current maturities				(13.5)	—	
Total long-term debt				\$ 241.2	\$ 240.4	

1. As of June 30, 2022 and December 31, 2021, there were \$14.5 million in letters of credit outstanding under our Revolving Credit Facility and \$385.5 million available funds as of June 30, 2022 and December 31, 2021. Fund availability is subject to the Company meeting its debt covenants.

Deferred Payment Note ("QLP Note")

Prior to becoming our wholly owned subsidiary pursuant to the QLP Merger, on November 26, 2020, QLP entered into the QLP Note to defer \$12.5 million of its investment commitment for its 50% share of the Nemaska Project. Upon our acquisition of the remaining share of QLP in June 2022, the QLP Note became the sole liability of Livent. The QLP Note, payable to Nemaska Lithium Shawinigan Transformation Inc., matures on November 26, 2022, is classified as Current portion of long-term debt in our consolidated balance sheets and earns coupon interest at an annual rate of 8%, compounded to the principal monthly, for the first twelve months. This interest is payable at the maturity date, along with the principal. From November 26, 2021, interest on the note accrues and is payable monthly.

2025 Notes

In the second quarter of 2022, the holders of the 2025 Notes were notified that the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, June 30, 2022 was greater than or equal to 130% of the conversion price on each trading day, and as a result, the holders have the option to convert all or any portion of their 2025 Notes through September 30, 2022. The 2025 Notes are classified as long-term debt.

The Company recognized noncash interest related to the amortization of transaction costs of \$0.4 million and \$0.8 million, all of which was capitalized, for the three and six months ended June 30, 2022, respectively. The Company recorded \$2.5 million and \$5.1 million of accrued interest expense related to the principal amount for the three and six months ended June 30, 2022, respectively.

Revolving Credit Facility

The carrying value of our deferred financing costs was \$1.1 million as of June 30, 2022.

Covenants

The Credit Agreement contains certain affirmative and negative covenants that are binding on us and our subsidiary, Livent USA Corp., as borrowers (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

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

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 June 30, 2022. Our minimum allowable interest coverage ratio is 3.5. We were in compliance with all requirements of the covenants as of June 30, 2022.

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Notes to the Condensed Consolidated Financial Statements (unaudited) — (Continued)
Note 10: Equity

As of June 30, 2022 and December 31, 2021, 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 as of December 31, 2021	161,791,602	(101,618)	161,689,984
RSU awards	63,522	—	63,522
Stock option awards	19,002	—	19,002
Purchases of treasury stock - NQSP	—	(2,058)	(2,058)
Issuance of common stock	17,500,000	—	17,500,000
Balance as of June 30, 2022	179,374,126	(103,676)	179,270,450

On June 6, 2022, the Company closed on the QLP Merger and issued 17,500,000 shares of its common stock, par value \$0.001 per share, in a private placement as consideration to acquire the remaining 50% share of QLP previously owned by Pallinghurst and certain of its investors. See Note 6 for details.

Accumulated other comprehensive loss

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 as of December 31, 2021	\$ (43.1)	\$ 0.2	\$ (42.9)
Other comprehensive losses before reclassifications	(5.4)	—	(5.4)
Accumulated other comprehensive loss, net of tax as of June 30, 2022	\$ (48.5)	\$ 0.2	\$ (48.3)
(in Millions)	Foreign currency adjustments	Derivative Instruments ⁽¹⁾	Total
Accumulated other comprehensive loss, net of tax as of December 31, 2020	\$ (44.4)	\$ —	\$ (44.4)
Other comprehensive gain before reclassifications	0.9	0.1	1.0
Accumulated other comprehensive loss, net of tax as of June 30, 2021	\$ (43.5)	\$ 0.1	\$ (43.4)

1. See Note 12 for more information.

Reclassifications of accumulated other comprehensive loss

Hedging gains reclassified from accumulated other comprehensive loss for the three and six months ended June 30, 2022 were \$0.1 million, net of provision for income taxes of less than \$0.1 million. We did not have any open derivative positions for the three and six months ended June 30, 2021.

Dividends

For the three and six months ended June 30, 2022 and 2021, we paid no dividends. We do not expect to pay any dividends in the foreseeable future.

Note 11: Earnings Per Share

Earnings per common share is computed by dividing net 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, restricted stock units, performance restricted stock units and 2025 Notes. See Note 12 to our consolidated financial statements in Part II, Item 8 of our 2021 Annual Report on Form 10-K for more information. Diluted 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. We use the if-converted method when calculating the potential dilutive effect, if any, of our 2025 Notes.

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

Earnings applicable to common stock and common stock shares used in the calculation of basic and diluted earnings per share are as follows:

(in Millions, Except Share and Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net income	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.7
Adjustment for interest on 2025 Notes, net of tax ⁽¹⁾	—	—	—	0.2
Net income after assumed conversion of 2025 Notes ⁽¹⁾	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.9
Denominator:				
Weighted average common shares outstanding - basic	166.6	148.7	164.2	147.6
Dilutive share equivalents from share-based plans	1.8	1.2	1.7	1.3
Dilutive share equivalents from 2025 Notes	28.1	28.1	28.1	28.1
Weighted average common shares outstanding - diluted	196.5	178.0	194.0	177.0
Basic earnings per common share:				
Net income per weighted average share - basic	\$ 0.36	\$ 0.04	\$ 0.69	\$ 0.04
Diluted earnings per common share:				
Net income per weighted average share - diluted	\$ 0.31	\$ 0.04	\$ 0.58	\$ 0.03

1. For the three and six months ended June 30, 2022 and for the three months ended June 30, 2021, all of the interest for the 2025 Notes was capitalized.

Anti-dilutive stock options

For the three and six months ended June 30, 2022, none of the outstanding options to purchase shares of our common stock were anti-dilutive. For the three and six months ended June 30, 2021, options to purchase 542,760 shares of our common stock at an average exercise price of \$20.35 per share 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 six months ended June 30, 2021.

Note 12: 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, trade payables, derivatives and amounts included in 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.

Fair value is defined as 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 (exit price). The inputs used to measure fair value are classified into the following hierarchy:

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

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Unobservable inputs for the asset or liability.

The estimated fair value and the carrying amount of debt was \$756.4 million and \$259.3 million, respectively, as of June 30, 2022. Our 2025 Notes are classified as Level 2 in the fair value hierarchy.

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 loss ("AOCL") 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 June 30, 2022, we had open foreign currency forward contracts in AOCL in a net after-tax gain position of \$0.2 million designated as cash flow hedges of underlying forecasted sales and purchases. As of June 30, 2022 we had open forward contracts with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of approximately \$50.6 million.

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

(in Millions)	Total Foreign Exchange Contracts
Accumulated other comprehensive income, net of tax as of December 31, 2021	\$ 0.2
Unrealized hedging gains, net of tax	0.1
Total derivatives instruments impact on comprehensive income, net of tax	0.1
Accumulated other comprehensive income, net of tax as of March 31, 2022	\$ 0.3
Reclassification of deferred hedging gains, net of tax	(0.1)
Total derivatives instruments impact on comprehensive income, net of tax	(0.1)
Accumulated other comprehensive income, net of tax at June 30, 2022	<u>\$ 0.2</u>

(in Millions)	Total Foreign Exchange Contracts
Accumulated other comprehensive income, net of tax as of March 31, 2021	\$ —
Unrealized hedging gains, net of tax	0.1
Total derivatives instruments impact on comprehensive income, net of tax	0.1
Accumulated other comprehensive income, net of tax at June 30, 2021	<u>\$ 0.1</u>

Derivatives Not Designated as Cash Flow Hedging Instruments

(in Millions)	Location of Loss Recognized in Income on Derivatives	Amount of Pre-tax Loss Recognized in Income on Derivatives ⁽¹⁾			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
Foreign Exchange contracts	Cost of sales ⁽²⁾	\$ (2.3)	\$ (0.2)	\$ (3.9)	\$ (0.8)
Total		<u>\$ (2.3)</u>	<u>\$ (0.2)</u>	<u>\$ (3.9)</u>	<u>\$ (0.8)</u>

- Amounts represent the gain or loss on the derivative instrument offset by the gain or loss on the hedged item.
- A loss of \$0.1 million and \$0.2 million related to intercompany loan hedges is included in Restructuring and other charges in the consolidated statement of operations for the three and six months ended June 30, 2022, respectively. A loss of \$0.1 million and \$0.2 million related to intercompany loan hedges is included in Restructuring and other charges in the consolidated statement of operations for the three and six months ended June 30, 2021, respectively.

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.

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

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)	June 30, 2022	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⁾	\$ 3.3	\$ 3.3	\$ —	\$ —
Total Assets	\$ 3.3	\$ 3.3	\$ —	\$ —
Liabilities				
Deferred compensation plan obligation ⁽²⁾	\$ 5.7	\$ 5.7	\$ —	\$ —
Total Liabilities	\$ 5.7	\$ 5.7	\$ —	\$ —

(in Millions)	December 31, 2021	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⁾	\$ 3.4	\$ 3.4	\$ —	\$ —
Total Assets	\$ 3.4	\$ 3.4	\$ —	\$ —
Liabilities				
Deferred compensation plan obligation ⁽²⁾	\$ 5.9	\$ 5.9	\$ —	\$ —
Total Liabilities	\$ 5.9	\$ 5.9	\$ —	\$ —

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 gain of \$0.4 million and \$0.2 million was recorded for the three and six months ended June 30, 2022, respectively, related to the Livent common stock. The mark-to-market 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 13: Commitments and Contingencies**Contingencies**

We are a party to various legal proceedings, certain of these matters are discussed below. Livent records liabilities 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

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

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.

Argentine Customs & Tax Authority Matters

Minera del Altiplano SA, our subsidiary in Argentina ("MdA"), has received notices from the Argentine Customs Authorities that they are conducting customs audits in Salta (for 2016 to 2017), Rosario (for 2016 and 2017), Buenos Aires and Ezeiza (for 2018 and 2019) regarding the export of Lithium Carbonate by MdA from each of those locations.

MdA was also notified from the Argentine Tax Authority of the start of transfer pricing audits for the periods 2017 and 2018.

During a part of this period, MdA was a subsidiary of FMC. However, the Company agreed to bear any possible liability for these types of matters under the terms of the Tax Matters Agreement that it entered into with FMC in connection with the Separation. A range of reasonably possible liabilities, if any, cannot be currently estimated by the Company.

Leases

All of our leases are operating leases as of June 30, 2022 and December 31, 2021. We have operating leases for corporate offices, manufacturing facilities, and land. Our leases have remaining lease terms of one to thirteen years. Quantitative disclosures about our leases are summarized in the table below.

(in Millions, except for weighted-average amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Lease Cost				
Operating lease cost	\$ 0.3	\$ 0.4	\$ 0.7	\$ 0.6
Short-term lease cost	0.1	0.4	0.2	0.7
Variable lease cost	—	0.1	—	0.1
Total lease cost ⁽¹⁾	\$ 0.4	\$ 0.9	\$ 0.9	\$ 1.4
Other information				
Cash paid for amounts included in the measurement of lease liabilities:				
Cash paid for operating leases	\$ 0.3	\$ 0.6	\$ 0.7	\$ 1.1

1. Lease expense is classified as "Selling, general and administrative expenses" in our condensed consolidated statements of operations.

As of June 30, 2022, our operating leases had a weighted average remaining lease term of 8.0 years and a weighted average discount rate of 4.9%.

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 2022	\$ 0.7
2023	1.2
2024	1.0
2025	1.1
2026	0.2
Thereafter	2.6
Total future minimum lease payments	6.8
Less: Imputed interest	(1.2)
Total	\$ 5.6

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

Note 14: 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)	June 30, 2022	December 31, 2021
Prepaid and other current assets		
Tax related items	\$ 21.5	\$ 17.7
Prepaid expenses	7.3	12.2
Argentina government receivable ⁽¹⁾	7.1	13.3
Other receivables	3.2	2.3
Bank Acceptance Drafts ⁽²⁾	0.6	—
Derivative assets (Note 12)	0.8	0.2
Other current assets	7.7	9.6
Total	\$ 48.2	\$ 55.3

(in Millions)	June 30, 2022	December 31, 2021
Other assets		
Argentina government receivable ⁽¹⁾	\$ 71.5	\$ 55.8
Advance to contract manufacturers ⁽³⁾	15.9	16.0
Long-term raw materials inventory	1.6	4.9
Tax related items	3.8	1.3
Capitalized software, net	1.4	1.5
Other assets	10.3	11.4
Total	\$ 104.5	\$ 90.9

1. We conduct business in Argentina. As of June 30, 2022 and December 31, 2021, \$39.2 million and \$38.4 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. We record deferred charges for certain contract manufacturing agreements which we amortize over the term of the underlying contract.

LIVENT CORPORATION

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

(in Millions)	June 30, 2022	December 31, 2021
Accrued and other current liabilities		
Accrued investment in unconsolidated affiliate	\$ —	\$ 6.2
Accrued payroll	12.7	17.1
Plant restructuring reserves	3.2	3.2
Advance customer payments	4.0	—
Retirement liability - 401k	1.4	2.5
Derivative liabilities	0.6	—
Environmental reserves, current	0.6	0.5
Severance related	0.2	—
Other accrued and other current liabilities ⁽¹⁾	26.7	32.3
Total	\$ 49.4	\$ 61.8

(in Millions)	June 30, 2022	December 31, 2021
Other long-term liabilities		
Deferred compensation plan obligation	\$ 5.7	\$ 5.9
Contingencies related to uncertain tax positions ⁽²⁾	5.9	2.3
Self-insurance reserves	1.7	1.5
Asset retirement obligations	0.3	0.3
Other long-term liabilities	2.6	1.7
Total	\$ 16.2	\$ 11.7

1. Amounts primarily include accrued capital expenditures related to our expansion projects.

2. As of June 30, 2022, we have recorded a liability for uncertain tax positions of \$5.5 million and a \$0.4 million indemnification liability where the offsetting uncertain tax position is with FMC, per the tax matters agreement.

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.

The continuing effects of the COVID-19 global pandemic, supply chain shortages and logistics disruptions, inflation, rising interest rates, increased energy costs and energy rationing in China, and economic and political instability in Argentina are factors that are impacting the Company. Restrictions intended to slow the spread of COVID-19 have led to and may continue to cause business and supply chain disruptions, volatility in global capital and financial markets (including inflation), and a global slowdown of economic activity.

Additional factors include, among other things:

- a decline in the growth in demand for EVs using high performance lithium compounds;
- volatility in the price for performance lithium compounds;
- adverse global economic and weather conditions that may result in adverse impact on supply chains and customer demand;
- competition from other lithium producers;
- quarterly and annual fluctuations of our operating results;
- risks relating to Livent's capacity expansion efforts and current production;
- potential development and adoption of battery technologies that do not rely on performance lithium compounds as an input, or that require a lesser amount of performance lithium compounds;
- difficulty accessing global capital and credit markets;
- the conditional conversion feature of the 2025 Notes;
- the lack of sufficient cash flow from our business to pay our debt;
- the success of Livent's research and development efforts;
- future acquisitions that may be difficult to integrate or are otherwise unsuccessful;
- 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;
- the effects of war or other conflicts, including but not limited to, the ongoing war in Ukraine and the related sanctions against Russia, acts of retaliation by Russia (including cyber-attacks and curtailment of natural gas supplies), terrorism or other catastrophic events that may affect global supply chains, oil prices, inflation, and general economic conditions;
- operations or supply chain disruptions due to physical and other risks, including natural disasters, epidemics, pandemics, and other catastrophic events beyond our control;
- customer concentration and the possible loss of, or significant reduction in orders from, large customers;
- failure to satisfy customer qualification processes and customer and government quality standards;

- global inflation, fluctuations in the price of energy and certain raw materials;
- employee attraction and retention, especially in relation to our capacity expansion efforts;
- union relations;
- cybersecurity breaches;
- our ability to protect our intellectual property rights;
- ESG matters, including risk of not meeting our ESG targets, especially as they relate to emissions and greenhouse gas intensity, and other climate change related risks;
- we have not established “proven” or “probable” mineral reserves, as defined by the SEC, through the completion of a feasibility study for the minerals that we produce;
- 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;
- provisions under Delaware law and our charter documents that may deter third parties from acquiring us; and
- the lack of cash dividends at this time.

Investors are cautioned to carefully consider the risk factors discussed in Part I, Item 1A of our 2021 Annual Report on Form 10-K.

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 ESTIMATES

Our condensed consolidated financial statements are prepared in conformity with U.S. GAAP. The preparation of our financial statements requires management to make judgements, assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and that have or could have a material impact on our financial condition and results of operations. We have described our accounting estimates in Note 2 to our consolidated financial statements included in Part II, Item 8 of our 2021 Annual Report on Form 10-K. The SEC has defined critical accounting estimates as those estimates made in accordance with U.S. GAAP that involve a significant level of measurement uncertainty and have had or are reasonably likely to have a material impact on the financial condition or operating performance of a company.

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

The following is a list of those accounting estimates that we have deemed most critical to the presentation and understanding of our results of operations and financial condition. See the "Critical Accounting Estimates" section included within "Management's Discussion and Analysis of Financial Condition and Results of Operations" within Part II, Item 7 of our 2021 Annual Report on Form 10-K for a detailed description of these estimates and their potential effects on our results of operations and financial condition.

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

Due to the COVID-19 pandemic, inflation and rising interest rates, 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.

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 rapidly growing EV and broader energy storage battery markets, while continuing to maintain our position as a leading global producer of butyllithium and high purity lithium metal. With extensive global capabilities, approximately 80 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 electrification.

We produce lithium compounds for use in applications that have specific and constantly changing 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 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.

Second Quarter 2022 Highlights

The following are the more significant developments in our business during the three months ended June 30, 2022:

- Revenue of \$218.7 million for the three months ended June 30, 2022 increased \$116.5 million, or approximately 114%, compared to \$102.2 million for the three months ended June 30, 2021, primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes.
- Net income of \$60.0 million for the three months ended June 30, 2022 compared to net income of \$6.5 million for the three months ended June 30, 2021 was primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes, higher logistics, raw material and other operating costs, higher Restructuring and other charges, \$2.7 million Equity in net loss of unconsolidated affiliate and an increase to income tax expense. The three months ended June 30, 2022 also includes a \$8.2 million gain from our sale of Argentina Sovereign U.S. dollar-denominated bonds (see Note 2 for more information).
- Adjusted EBITDA of \$95.0 million for the three months ended June 30, 2022 increased \$79.0 million compared to \$16.0 million for the three months ended June 30, 2021, primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes and higher logistics, raw material and other operating costs.

COVID-19 Impacts

During the three months ended June 30, 2022, the Company has continued to respond to the disruptions caused by the COVID-19 pandemic, which is still negatively impacting our business, operations and financial performance.

Pursuant to its zero-COVID strategy, the government of China continues to enact emergency measures in certain geographic locations to stem the spread of COVID-19 and may enact new ones in other locations. We expect government measures and restrictions in China to continue to have a negative impact on the efficient operation of our facilities, toll manufacturers, supply chains and logistics. Disruptions and delays within our supply chain and logistics operations included problems and congestion at ports, difficulties with scheduling cargo ships, higher shipment and freight costs, additional warehouse costs due to shipment delays, lack of driver availability and fewer transportation options, and the restriction of movements by trucks. This has impacted our expansion work globally. In addition to delays, there have been increased costs due to slowdown of availability of materials.

Our uses of cash were impacted by the effects of COVID-19 during the three months ended June 30, 2022. We continue to use cash to purchase additional COVID-19 testing kits, personal protective equipment for our employees, such as masks and gloves, and for increased cleaning and disinfectant costs, additional medical personnel at our facilities, and increased personnel transportation costs.

We continue to protect the health and well-being of our employees, customers and other key stakeholders in accordance with changing circumstances and local conditions. This can include pre-entry screening, the use of masks and gloves, social distancing measures, and quarantine of close contacts with suspected or confirmed COVID-19 cases. We have not experienced any material employee absences as a result of COVID-19. However, social distancing measures and other health and safety protocols have led to reduced workforce numbers in certain locations, such as with our expansion project in Argentina. 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.

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 Update

In addition to the inflation and supply chain disruptions to the global economy caused by, or as a consequence of, the COVID-19 pandemic, the global economy has been impacted by the conflict in Ukraine. This has exacerbated supply chain disruptions, increased our costs for energy and contributed to inflation in almost all of the markets where we operate. The lasting effects of the war in Ukraine are still unknown.

From an operational standpoint, we continue to identify potential new suppliers and logistics providers as global supply chain challenges continue and adversely impact our business. This includes potential new suppliers of chemicals and packaging, and air freight companies when required so that we may deliver product to our customers in a timely manner. We have altered global production schedules to meet changes in customer demand, supply and logistics challenges. We are also observing tightness in the local labor markets in almost all of the geographic locations where we operate (e.g., competition for workers, fewer applicants, and higher wages) and delays in procurement of longer lead time equipment. This may impact us and our expansion efforts, our customers and suppliers in the future. We continue to be subject to strict quality requirements from our customers.

Our operations in Argentina are subject to their own unique challenges. Argentina is experiencing high inflation, high natural gas prices and social and labor unrest. There is increasing pressure from federal and provincial governments to obtain additional tax revenues and other concessions from private companies. A shortfall of foreign currency reserves has also led to currency restrictions, which in turn has placed severe limits on imports, including certain materials for our operations and expansion project. The tight capital controls have created alternative markets for dollars, which has led to a steep divergence between official and unofficial exchange rates. This gap in the exchange rate has created a destabilizing environment for the Argentinian peso and makes it difficult to know the true worth of local goods.

Customers in the EV manufacturing industry are currently experiencing or have recently experienced their own supply chain constraints and problems, including semiconductor chip shortages and multi-week shutdowns of OEMs and their suppliers in China. Supplier disruptions driven by a number of factors are expected to continue and add volatility and uncertainty to the overall EV supply chain, which may adversely impact our business. This and similar supply chain disruptions experienced by our customers could cause delays in their demand for our high performance lithium compounds, further adversely impacting our business and growth plans.

The material matters that management is currently monitoring are: the health and safety of our employees; our expansion efforts globally; the future development of the Nemaska Project; the supply and demand balance of battery-grade lithium in the global marketplace; COVID-19 and its impact on our operations and the global supply chain; inflation and rising interest rates and the negative impact they may have on our customers and key end markets such as EV sales; the prospect of a recession in the U.S. and elsewhere, and its impact on EV sales; global supply chain and logistics issues; political and economic instability in Argentina; and, global energy supply concerns.

2022 Business Outlook

To begin the year, Livent expected flat volumes and significantly higher average pricing across its lithium products in 2022, resulting in higher profitability versus the prior year. The Company also expected higher costs versus the prior year, primarily related to logistics, raw materials and general inflationary pressures.

Since this time, Livent has significantly increased its outlook for 2022 financial performance. With no expected change in volumes, this is driven by even higher average pricing across all lithium products.

RESULTS OF OPERATIONS

(in Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)			
Revenue	\$ 218.7	\$ 102.2	\$ 362.2	\$ 193.9
Cost of sales	116.2	81.8	199.8	160.2
Gross margin	102.5	20.4	162.4	33.7
Selling, general and administrative expenses	13.8	11.7	25.6	22.4
Research and development expenses	0.8	0.7	1.7	1.4
Restructuring and other charges	2.9	2.0	3.9	2.3
Separation-related costs	0.3	0.6	0.4	0.5
Total costs and expenses	134.0	96.8	231.4	186.8
Income from operations before equity in net loss of unconsolidated affiliate, interest expense, net and other gain	84.7	5.4	130.8	7.1
Equity in net loss of unconsolidated affiliate	2.7	1.4	4.9	2.7
Interest expense, net	—	—	—	0.3
Other gain	(8.2)	—	(22.2)	—
Income from operations before income taxes	90.2	4.0	148.1	4.1
Income tax expense/(benefit)	30.2	(2.5)	34.9	(1.6)
Net income	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.7

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, and depreciation and amortization; and Adjusted EBITDA, which we define as EBITDA adjusted for Argentina remeasurement losses, Argentina interest income, restructuring and other charges, separation-related costs, COVID-19 related costs, gain from sale of Argentina Sovereign U.S. dollar-denominated bonds and other loss. 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 60.0	\$ 6.5	\$ 113.2	\$ 5.7
Add back:				
Interest expense, net	—	—	—	0.3
Income tax expense/(benefit)	30.2	(2.5)	34.9	(1.6)
Depreciation and amortization	6.4	6.3	12.8	12.5
EBITDA (Non-GAAP)	96.6	10.3	160.9	16.9
Add back:				
Argentina remeasurement losses ^(a)	0.8	1.0	1.8	3.3
Restructuring and other charges ^(b)	2.9	2.0	3.9	2.3
Separation-related costs ^(c)	0.3	0.6	0.4	0.5
COVID-19 related costs ^(d)	0.7	1.4	1.5	2.3
Other loss ^(e)	1.9	0.7	3.5	1.8
Subtract:				
Blue Chip Swap gain ^(f)	(8.2)	—	(22.2)	—
Argentina interest income ^(g)	—	—	(1.5)	—
Adjusted EBITDA (Non-GAAP)	\$ 95.0	\$ 16.0	\$ 148.3	\$ 27.1

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 foreign currency devaluations. The remeasurement 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. The six months ended June 30, 2022 includes \$0.5 million of severance costs for management changes at certain administrative facilities and \$0.4 million for miscellaneous nonrecurring costs. The three and six months ended June 30, 2022 and 2021 includes transaction related legal fees (see Note 7 for more information).
 - c. Represents legal and professional 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, COVID-19 testing, pandemic-related supplies and personal protective equipment for employees, among other costs; offset by economic relief provided by foreign governments.
 - e. The three and six months ended June 30, 2022 and 2021 represents our ownership interest (which was 25% prior to June 6, 2022) in certain project-related costs, interest expense and transaction costs incurred for the Nemaska Project, all included in Equity in net loss of unconsolidated affiliate in our condensed consolidated statement of operations. The Company accounts for its equity method investment in the Nemaska Project on a one quarter lag basis (see Note 6 for more information).
 - f. Represents the gain from the sale in Argentina pesos of Argentina Sovereign U.S. dollar-denominated bonds due to the significant divergence of Argentina's Blue Chip Swap market exchange rate from the official rate (see Note 2 for more information) and is excluded from Adjusted EBITDA because it is nonrecurring.
 - g. Represents interest income received from the Argentina government for the period beginning when the recoverability of certain of our expansion-related VAT receivables were approved by the Argentina government and ending on the date when the reimbursements were paid by the Argentina government but is excluded from our calculation of Adjusted EBITDA because of its association with long-term capital projects which will not be operational until future periods.

Three Months Ended June 30, 2022 vs. 2021

Revenue

Revenue of \$218.7 million for the three months ended June 30, 2022 (the "2022 Quarter") increased by approximately 114%, or \$116.5 million, compared to \$102.2 million for the three months ended June 30, 2021 (the "2021 Quarter") primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes.

Gross margin

Gross margin of \$102.5 million for the 2022 Quarter increased by \$82.1 million, or approximately 402%, versus \$20.4 million for the 2021 Quarter. The increase in gross margin was primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes and higher logistics, raw material and other operating costs.

Restructuring and other charges

Restructuring and other charges of \$2.9 million for the 2022 Quarter increased by \$0.9 million versus \$2.0 million for the 2021 Quarter. Restructuring and other charges for the 2022 Quarter primarily consisted of transaction related legal fees. 2021 Quarter Restructuring and other charges consisted primarily of transaction related legal fees and miscellaneous nonrecurring transactions (see Note 7 for details).

Equity in net loss of unconsolidated affiliate

Equity in net loss of unconsolidated affiliate of \$2.7 million and \$1.4 million for the 2022 Quarter and 2021 Quarter, respectively, arises out of our ownership interest in the Nemaska Project (which was 25% prior to June 6, 2022) and the increase of \$1.3 million represents certain project-related costs incurred by our unconsolidated affiliate (see Note 6 for details).

Interest expense, net

All \$4.0 million and \$3.9 million of our interest for the 2022 Quarter and 2021 Quarter, respectively, was capitalized.

Income tax expense/(benefit)

The increase in income tax expense to \$30.2 million for the 2022 Quarter compared to the income tax benefit of \$(2.5) million for the 2021 Quarter, was primarily due to an increase in income from operations, and the fluctuations in foreign currency impacts in Argentina of \$12.5 million and \$(0.3) for the 2022 Quarter and 2021 Quarter respectively. Within foreign currency impacts, Argentina tax law annually requires an increase to taxable income for inflationary adjustments in the period when the consumer price index fluctuates over a specific threshold, which was met in the 2022 Quarter. Additionally, the increase in

income tax expense was partially offset by an increase in forecasted jurisdictional mix of earnings where the statutory rate is lower than the U.S. Federal statutory rate.

Net income

Net income of \$60.0 million for the 2022 Quarter compared to net income of \$6.5 million for the 2021 Quarter was primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes, higher logistics, raw material and other operating costs, higher Restructuring and other charges, \$2.7 million Equity in net loss of unconsolidated affiliate and an increase to income tax expense. The 2022 Quarter also includes a \$8.2 million gain from our sale of Argentina Sovereign U.S. dollar-denominated bonds (see Note 2 for more information).

Six Months Ended June 30, 2022 vs. 2021

Revenue

Revenue of \$362.2 million for the six months ended June 30, 2022 (the "2022 YTD") increased by approximately 87%, or \$168.3 million, compared to \$193.9 million for the six months ended June 30, 2021 (the "2021 YTD") primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes.

Gross margin

Gross margin of \$162.4 million for the 2022 YTD increased by \$128.7 million, or approximately 382%, versus \$33.7 million for the 2021 YTD. The increase in gross margin was primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes and higher logistics, raw material and other operating costs.

Restructuring and other charges

Restructuring and other charges of \$3.9 million for the 2022 YTD increased by \$1.6 million versus \$2.3 million for the 2021 YTD. Restructuring and other charges for the 2022 YTD included severance costs of \$0.5 million for management changes at certain administrative facilities and transaction related legal fees. 2021 YTD Restructuring and other charges consisted primarily of transaction related legal fees and miscellaneous nonrecurring costs (see Note 7 for details).

Equity in net loss of unconsolidated affiliates

Equity in net loss of unconsolidated affiliates of \$4.9 million and \$2.7million for the 2022 YTD and 2021 YTD, respectively, arises out of our ownership interest in the Nemaska Project (which was 25% prior to June 6, 2022) and the increase of \$2.2 million represents certain project-related costs incurred by our unconsolidated affiliate (see Note 6 for details).

Interest expense, net

All \$8.0 million of our interest for the 2022 YTD was capitalized. Interest expense for the 2021 YTD is noncash amortization of transaction costs of \$0.3 million related to the 2025 Notes which represents the excess interest over the amount of interest capitalized in accordance with U.S. GAAP for the 2021 YTD.

Income tax expense/(benefit)

The increase in income tax expense to \$34.9 million for the 2022 YTD compared to the income tax benefit of \$(1.6) million for the 2021 YTD, was primarily due to an increase in income from operations, and the fluctuations in foreign currency impacts in Argentina of \$8.2 million and \$(1.7) million for the 2022 YTD and the 2021 YTD, respectively. Within foreign currency impacts, Argentina tax law annually requires an increase to taxable income for inflationary adjustments in the period when the consumer price index fluctuates over a specific threshold, which was met in the 2022 Quarter. Additionally, the increase in income tax expense was partially offset by an increase in forecasted jurisdictional mix of earnings where the statutory rate is lower than the U.S. Federal statutory rate.

Net income

Net income of \$113.2 million for the 2022 YTD compared to net income of \$5.7 million for the 2021 YTD was primarily due to higher pricing across all of our products partially offset by a decrease in sales volumes, higher logistics, raw material and other operating costs, higher Restructuring and other charges, \$4.9 million Equity in net loss of unconsolidated affiliate and an increase to income tax expense. The 2022 YTD also includes a \$22.2 million gain from our sale of Argentina Sovereign U.S. dollar-denominated bonds (see Note 2 for more information)

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as of June 30, 2022 and December 31, 2021, were \$49.0 million and \$113.0 million, respectively. Of the cash and cash equivalents balance as of June 30, 2022, \$28.4 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. See Note 11, Part II, Item 8 of our 2021 Annual Report on Form 10-K for more information.

On July 25, 2022 we entered into a long-term supply agreement with a customer to deliver battery-grade lithium hydroxide over six years between 2025 and 2030. The contract includes an advance payment from the customer of \$198 million, payable within 60 days of signing.

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 "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, See Note 11, Part II, Item 8 of our 2021 Annual Report on Form 10-K for more information.

We had \$259.3 million and \$245.8 million debt outstanding as of June 30, 2022 and December 31, 2021, respectively. Our June 30, 2022 debt outstanding was comprised of our 2025 Notes and QLP Note because in June 2021 we used a portion of the net proceeds from the Offering to repay all amounts outstanding under our Revolving Credit Facility. 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 June 30, 2022. Our minimum allowable interest coverage ratio is 3.5. We were in compliance with all covenants as of June 30, 2022.

Statement of Cash Flows

Cash provided by operating activities was \$61.2 million and \$30.6 million for the 2022 YTD and 2021 YTD, respectively.

The increase in cash provided by operating activities for the 2022 YTD as compared to the cash provided by operating activities for the 2021 YTD was primarily driven by an increase in net income partially offset by an increase in inventories and trade receivables in the 2022 YTD compared to the 2021 YTD.

Cash used in investing activities was \$(124.1) million and \$(42.7) million for the 2022 YTD and 2021 YTD, respectively.

The increase in cash used in investing activities for the 2022 YTD compared to the 2021 YTD is primarily due to the ramping up of capital spending in the second half of 2021 and the 2022 YTD as Livent resumed its capital expansion work in Argentina and the U.S., resulting in a significant increase in capital expenditures for capacity expansion during 2022 YTD versus the 2021 YTD.

Cash provided by financing activities was \$0.2 million and \$216.9 million for the 2022 YTD and 2021 YTD, respectively.

Net cash proceeds from financing activities decreased in the 2022 YTD compared to the 2021 YTD because the Company did not draw upon its Revolving Credit Facility in the 2022 YTD. 2021 YTD consists primarily of net proceeds of \$252.2 million from the Offering, partially offset by the repayment of the outstanding balance of our Revolving Credit Facility in June 2021.

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. As of June 30, 2022, our remaining borrowing capacity under our Revolving Credit Facility, subject to meeting our debt covenants, is \$385.5 million, including letters of credit utilization.

Our net leverage ratio is determined, in large part, by our ability to manage the timing and amount of our capital expenditures, which is within our control. It is also determined by our ability to 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, 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. As of the second quarter of 2021, Livent resumed its capital expansion work in Argentina and the U.S. Based on this resumption, the Company

estimates 2022 total capital spending to be \$300 million to \$340 million. This estimate has increased slightly since the beginning of the year as a result of accelerating work as Livent looks to progress multiple expansion opportunities.

We expect COVID-19 pandemic related impacts to continue in 2022. 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 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 and cannot be guaranteed.

Commitments and Contingencies

See Note 13 to these condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Obligations and Commercial Commitments

Information related to our contractual commitments as of December 31, 2021 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 2021 Annual Report on Form 10-K. There have been no significant changes to our contractual commitments during the period ended June 30, 2022.

Climate Change

A detailed discussion related to climate change can be found in Part II, Item 7 of our 2021 Annual 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 are 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.

As of June 30, 2022, our net financial instrument position was a net asset of \$0.2 million. In the second quarter of 2022, we placed foreign currency hedges for 2022 projected 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 as of June 30, 2022 with all other variables (including interest rates) held constant.

(in Millions)	Net asset position on consolidated balance sheets	Hedged Currency vs. Functional Currency	
		Net liability position with 10% strengthening	Net asset position with 10% weakening
Net asset/(liability) position as of June 30, 2022	\$ 0.2	\$ (5.4)	\$ 4.4

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 June 30, 2022, we had no interest rate swap agreements.

Our debt portfolio as of June 30, 2022 is composed of fixed-rate and variable-rate debt; consisting of borrowings under our 2025 Notes and Revolving Credit Facility. Changes in interest rates affect different portions of our variable-rate debt portfolio in different ways. As of June 30, 2022, and for the six months ended June 30, 2022, we had no outstanding balances under the Revolving Credit Facility.

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 June 30, 2022, 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 June 30, 2022, 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 13 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 2021 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 2021 Annual Report on Form 10-K, which is 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 June 30, 2022 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⁾
April 1 through April 30, 2022	152	\$ 23.30	\$ —	\$ —
May 1 through May 31, 2022	126	\$ 29.39	—	—
June 1 through June 30, 2022	156	\$ 23.33	—	—
Total Q2 2022	434	\$ 25.08	\$ —	\$ —

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

- 3.1 [Livent Certificate of Incorporation as amended June 2, 2022](#)
- 10.1† [Executive Severance Guidelines, as amended August 1, 2022](#)
- *10.2 [Transaction Agreement and Plan of Merger, dated as of May 2, 2022, among Livent Corporation, Reach Mergeco Limited, Pallinghurst Lithium Limited, Pallinghurst GP Limited and The Pallinghurst Group General Partner Limited \(Exhibit 2.1 to Current Report on Form 8-K filed on May 5, 2022\)#](#)
- 10.3 [Amendment to the Merger Agreement, dated May 25, 2022](#)
- 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 June 30, 2022, formatted in Inline XBRL.

† Management contract or compensatory plan or arrangement

* Incorporated by reference

Schedules to the Transaction Agreement and Plan of Merger have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant will furnish copies of any such schedules to the Securities and Exchange Commission upon request.

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: August 4, 2022

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
LIVENT CORPORATION**

(as amended through June 2, 2022)

Livent Corporation (the “**Corporation**”), a corporation organized and existing under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (the “**Delaware Act**”), was originally incorporated under the name FMC Lithium USA Holding Corp. pursuant to the original Certificate of Incorporation (the “**Original Certificate**”) filed with the office of the Secretary of State of the State of Delaware on February 27, 2018, as amended by that Certificate of Amendment filed with the office of the Secretary of State of the State of Delaware on July 24, 2018 changing the name of the Corporation to Livent Corporation. This Amended and Restated Certificate of Incorporation (the “**Certificate of Incorporation**”) was duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the Delaware Act. This Certificate of Incorporation restates and integrates and further amends and restates the Original Certificate. The text of the Original Certificate is amended and restated in its entirety as follows:

1. The name of the Corporation is LIVENT CORPORATION.
2. The registered office of the Corporation in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.
3. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware Act.
4. (a) The total number of shares of stock which the Corporation shall have authority to issue is 2,050,000,000 shares, consisting of 2,000,000,000 shares of Common Stock, all of which shall be of one class, par value \$0.001 per share (“**Common Stock**”), and 50,000,000 shares of Preferred Stock, par value \$0.001 (“**Preferred Stock**”).
(b) The Board of Directors is hereby empowered, without any action or vote by the Corporation’s stockholders (except as may otherwise be provided by the terms of any class or series of Preferred Stock then outstanding), to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of Preferred Stock and to fix the designations, powers, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to each such class or series of Preferred Stock and the number of shares constituting each such class or series, and to increase or decrease the number of shares of any such class or series to the extent permitted by the Delaware Act.
(c) Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; *provided, however*, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designations relating to any class or series of Preferred Stock) that relates solely to the terms of one or more outstanding classes or series of Preferred Stock if the holders of such affected class or series are entitled, either separately or together with the holders of one or more other such classes or series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designations relating to any class or series of Preferred Stock) or pursuant to Delaware Law.
(d) The shares of all classes of stock of the Corporation may be issued by the Corporation from time to time for such consideration as from time to time may be fixed by the Board of Directors *provided* that shares of stock having a par value shall not be issued for a consideration less than such par value. No holders of stock of the Corporation of any class, as such, shall have any preemptive or preferential right of subscription to any shares of any class of stock of the Corporation whether now or hereafter authorized, or to any obligations convertible into stock of the Corporation, or any right of subscription to any thereof other than such, if any, as the Board of Directors in its discretion may, from time to time, determine with respect thereto; and any shares of stock or convertible obligations which the Board of Directors may determine to offer for subscription to the holders of stock of the Corporation may, as said Board of Directors shall determine, be offered to the holders of any class or classes of stock exclusively, or to the

holders of all classes of stock, and, if offered to more than one class of stock, in such proportion as between said classes of stock as the Board of Directors in its discretion may determine. As used herein, the expression "convertible obligations" shall include any notes, bonds or other evidences of indebtedness to which are attached or with which are issued warrants or other rights to purchase stock of the Corporation of any class or classes. The Board of Directors is hereby expressly authorized, in its discretion, in connection with the issue of any obligations or stock of the Corporation (but without intending hereby to limit its general power so to do in other cases), to grant rights or options to purchase stock of the Corporation of any class upon such terms and during such period as the Board of Directors shall determine, and to cause such rights to be evidenced by such warrants or other instruments as it may deem advisable.

(e) At any time, or from time to time, the Corporation may grant rights or options to purchase from the Corporation any shares of its stock of any class or classes to run for such period of time, for such consideration, upon such terms and conditions, and in such form as the Board of Directors may determine.

(f) The Board of Directors shall have authority, as provided by law, to determine that only a part of the consideration, which shall be received by the Corporation for the shares of its stock which it shall issue from time to time, shall be capital, *provided, however*, that, if all the shares issued shall be shares having a par value, the amount of the part of such consideration so determined to be capital shall be equal to the aggregate par value of such shares. The excess, if any, at any time, of the total net assets of the Corporation over the amount so determined to be capital, as aforesaid, shall be surplus.

(g) All classes of stock of the Corporation shall be and remain at all times nonassessable.

5. The following additional provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors (the "**Board of Directors**").

(b) The number of directors which shall constitute the whole Board of Directors shall be fixed by, and may be amended from time to time by, resolution adopted by affirmative vote of a majority of the whole Board of Directors except that such number shall not be less than three (3) nor more than fifteen (15), the exact number to be determined by resolution adopted by affirmative vote of a majority of the whole Board of Directors. The Board of Directors shall be divided into three classes: Class I, Class II and Class III. Membership in such classes shall be as nearly equal in number as possible. The term of office of the initial Class I directors shall expire at the annual election of directors by the stockholders of the Corporation in 2019, the term of office of the initial Class II directors shall expire at the annual election of directors by the stockholders of the Corporation in 2020, and the term of office of the initial Class III directors shall expire at the annual election of directors by the stockholders of the Corporation in 2021, subject, however, to prior death, resignation, retirement, disqualification or removal from office. At each annual election of directors by the stockholders of the Corporation beginning in 2019, the directors chosen to succeed those whose terms then expire shall be identified as being of the same class as the directors they succeed and shall be elected for a term expiring at the third succeeding annual election of directors by the stockholders of the Corporation, or thereafter when their respective successors in each case are elected by the stockholders and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director.

Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, although less than quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships

shall be governed by the terms of this Certificate of Incorporation applicable thereto and such directors so elected shall not be divided into classes pursuant to this Section (b) of Article 5 unless expressly provided by such terms.

Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, a director may only be removed from office for cause.

(c) Except to the extent prohibited by law, the Board of Directors shall have the right (which, to the extent exercised, shall be exclusive) to establish the rights, powers, duties, rules and procedures that from time to time shall govern the Board of Directors and each of its members, including without limitation the vote required for any action by the Board of Directors, and that from time to time shall affect the director's power to manage the business and affairs of the Corporation; and no By-Law shall be adopted by stockholders which shall impair or impede the implementation of the foregoing.

(d) The Board of Directors shall have the power, without the need for stockholder approval, to make, alter, amend, change, add to or repeal the By-Laws of the Corporation (the "**By-Laws**").

(e) The Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation.

(f) Except as otherwise provided in the By-Laws, the stockholders of the Corporation and the Board of Directors may hold their meetings and have an office or offices outside of the State of Delaware, and, subject to the provisions of the laws of said State, may keep the books of the Corporation outside of said State at such places as may, from time to time, be designated by the Board of Directors.

(g) The By-Laws of the Corporation may confer powers upon the directors in addition to those granted in the Certificate of Incorporation, as amended, and in addition to the powers expressly conferred upon them by the laws of the State of Delaware.

(h) A director of the Corporation shall not in the absence of fraud be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor in the absence of fraud shall any transaction or contract of the Corporation be void or voidable or affected by reason of the fact that any director, or any firm of which any director is a member, or any corporation of which any director is an officer, director or stockholder, is in any way interested in such transaction or contract; *provided* that at the meeting of the Board of Directors or of a committee thereof having authority in the premises, authorizing or affirming such contract or transaction, the existence of the interest of such director, firm or corporation is disclosed or made known and there shall be present a quorum of the Board of Directors or of the directors constituting such committee, and such contract or transaction shall be approved by a majority of such quorum, which majority shall consist of directors not so interested or connected. Nor shall any director be liable to account to the Corporation for any profit realized by him from or through any such transaction or contract of the Corporation ratified or approved as aforesaid, by reason of the fact that he or any firm of which he is a member, or any corporation of which he is an officer, director or stockholder, was interested in such transaction or contract. Directors so interested may be counted when present at meetings of the Board of Directors or such committee for the purpose of determining the existence of a quorum. Any contract, transaction or act of the Corporation or of the Board of Directors or of any committee thereof (whether or not approved or ratified as hereinabove in this paragraph provided) which shall be ratified by a majority in interest of a quorum of the stockholders having voting power at any annual meeting or any special meeting called for such purpose, shall be as valid and as binding as though ratified by every stockholder of the Corporation.

(i) Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders in lieu of a meeting; *provided*, that until the first date (the "**Trigger Date**") after the date hereof on which no Person or Group (as defined in Rule 13d-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) beneficially owns a majority of the then-outstanding shares of all classes and series of capital stock of the Corporation entitled to vote at any annual or special meeting of stockholders (the "**Voting Stock**"), any such action may be taken by the stockholders without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action to be taken, shall be signed by the holders of outstanding capital stock having at least the minimum number of votes necessary to authorize or take such action at a meeting at

which all shares of capital stock entitled to vote therein were present and voted. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Corporation may be called for any purpose or purposes only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors, or by the Chairman of the Board of Directors, if any, and may not be called by any other person or persons; *provided*, that until the Trigger Date, special meetings of stockholders may be called by any person or group that beneficially owns a majority of the Voting Stock for any purpose or purposes at any time; *provided, further* that any business transacted at any such special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

(j) No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty by such director as a director; *provided, however*, that this Article 5 shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article 5 shall apply to, or have any effect on, the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

(k) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under Delaware Law.

6. *Section 203 of the Delaware Act.* The Corporation expressly elects not to be governed by Section 203 of the Delaware Act until the Trigger Date, following which date Section 203 of the Delaware Act shall apply to the Corporation.

7. *Certain Corporate Opportunities.*

SECTION 1. In anticipation of the possibility (i) that the Corporation will not be a wholly-owned subsidiary of FMC Corporation and that FMC Corporation may be a majority or significant stockholder of the Corporation, (ii) that the officers and/or directors of the Corporation may also serve as officers and/or directors of FMC Corporation, (iii) that the Corporation and FMC Corporation may engage in the same or similar activities or lines of business and have an interest in the same areas of corporate opportunities, and (iv) in recognition of the benefits to be derived by the Corporation through its continued contractual, corporate and business relations with FMC Corporation (including possible service of officers and directors of FMC Corporation as officers and directors of the Corporation), the provisions of this Article 7 are set forth to regulate and shall, to the fullest extent permitted by law, define the conduct of certain affairs of the Corporation as they may involve FMC Corporation and its officers and directors, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

SECTION 2. Except as may be otherwise provided in a written agreement between the Corporation and FMC Corporation, FMC Corporation shall have the right to, and shall have no duty to refrain from, (i) engaging in the same or similar activities or lines of business as the Corporation, (ii) doing business with any potential or actual customer or supplier of the Corporation, and (iii) employing or otherwise engaging any officer or employee of the Corporation, and, to the fullest extent permitted by law, neither FMC Corporation nor any officer or director thereof (except as provided in Section 4 of this Article 7) shall be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of any such activities of FMC Corporation.

SECTION 3. In the event that FMC Corporation acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both FMC Corporation and the Corporation, FMC Corporation shall, to the fullest extent permitted by law, have no duty to communicate or offer such corporate opportunity to the Corporation and shall, to the fullest extent permitted by law, not be liable to the Corporation or its stockholders for breach of any

fiduciary duty as a stockholder of the Corporation by reason of the fact that FMC Corporation pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person, or does not present or communicate information regarding such corporate opportunity to the Corporation.

SECTION 4. In the event that a director or officer of the Corporation who is also a director or officer of FMC Corporation acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and FMC Corporation, such director or officer of the Corporation shall, to the fullest extent permitted by law, (i) have fully satisfied and fulfilled the fiduciary duty of such director or officer to the Corporation and its stockholders with respect to such corporate opportunity; (ii) not be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of the fact that FMC Corporation pursues or acquires such corporate opportunity for itself or directs such corporate opportunity to another person or does not present such corporate opportunity to the Corporation; (iii) be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation for the purposes of this Certificate of Incorporation; and (iv) be deemed not to have breached such person's duty of loyalty to the Corporation or its stockholders or to have derived an improper personal benefit therefrom for the purposes of this Certificate of Incorporation, if such director or officer acts in good faith in a manner consistent with the following policy:

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(a) a corporate opportunity offered to any person who is an officer of the Corporation, and who is also a director but not an officer of FMC Corporation, shall belong to the Corporation, unless such opportunity is expressly offered to such person in his or her capacity as a director of FMC Corporation in which case such opportunity shall belong to FMC Corporation

(b) a corporate opportunity offered to any person who is a director but not an officer of the Corporation, and who is also a director or officer of FMC Corporation shall belong to the Corporation only if such opportunity is expressly offered to such person in his or her capacity as a director of the Corporation, and otherwise shall belong to FMC Corporation; and

(c) a corporate opportunity offered to any person who is an officer of both the Corporation and FMC Corporation shall belong to FMC Corporation unless such opportunity is expressly offered to such person in his or her capacity as an officer of the Corporation, in which case such opportunity shall belong to the Corporation.

SECTION 5. If any contract, agreement, arrangement or transaction between the Corporation and FMC Corporation involves a corporate opportunity and is approved in accordance with the procedures set forth in Section 7, FMC Corporation and its officers and directors shall also for the purposes of this Section 5 and the other provisions of this Certificate of Incorporation: (i) have fully satisfied and fulfilled their fiduciary duties to the Corporation and its stockholders; (ii) be deemed to have acted in good faith and in a manner such persons reasonably believe to be in and not opposed to the best interests of the Corporation; and (iii) be deemed not to have breached their duties of loyalty to the Corporation and its stockholders and not to have derived an improper personal benefit therefrom. Any such contract, agreement, arrangement or transaction involving a corporate opportunity not so approved shall not by reason thereof result in any such breach of any fiduciary duty or duty of loyalty or failure to act in good faith or in the best interests of the Corporation or derivation of any improper personal benefit, but shall be governed by the other provisions of this Article 7, this Certificate of Incorporation, the By-Laws, the Delaware Act and other applicable law.

SECTION 6. Any corporate opportunity that belongs to FMC Corporation or the Corporation pursuant to this section shall not be pursued by the other, unless and until the party to whom the opportunity belongs determines not to pursue the opportunity.

SECTION 7. [RESERVED]

SECTION 8. Any person purchasing or otherwise acquiring any interest in shares of the capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article 7.

SECTION 9. For purposes of this Article 7 only:

(a) A director of the Corporation who is Chairman of the Board of Directors or of a committee thereof shall not be deemed to be an officer of the Corporation by reason of holding such position (without regard to whether such position is deemed an officer of the Corporation under the By-Laws of the Corporation), unless such person is an employee of the Corporation; and

(b) The term "Corporation" shall mean the Corporation and all corporations, partnerships, joint ventures, associations and other entities in which the Corporation beneficially owns (directly or indirectly) fifty (50) percent or more of the outstanding voting stock, voting power, partnership interests or similar voting interests. The term "FMC Corporation" shall mean FMC Corporation, a Delaware corporation, and any successor thereof, and all corporations, partnerships, joint ventures, associations and other entities (other than the Corporation, as defined in accordance with this paragraph) in which FMC Corporation beneficially owns (directly or indirectly) fifty (50) percent or more of the outstanding voting stock, voting power, partnership interests or similar voting interests.

SECTION 10. Anything in this Certificate of Incorporation to the contrary notwithstanding, the foregoing provisions of this Article 7 shall terminate, expire and have no further force and effect on the date that (i) FMC Corporation ceases to beneficially own Common Stock representing at least twenty (20) percent of then- outstanding Voting Stock and (ii) no person who is a director or officer of the Corporation is also a director or officer of FMC Corporation. Neither the alteration, amendment, termination, expiration or repeal of this Article 7 nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article 7 shall eliminate or reduce the effect of this Article 7 in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article 7, would accrue or arise, prior to such alteration, amendment, termination, expiration, repeal or adoption.

8. *Certain Business Combinations*

SECTION 1. Vote Required for Certain Business Combinations.

(a) *Higher Vote for Certain Business Combinations.* Following the Trigger Date, in addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in Section 2 of this Article 8:

(i) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any merger, sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value of \$20,000,000 or more; or

(iii) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of \$20,000,000 or more; or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least 80% of the then- outstanding Voting Stock, voting together as a single class (it being understood that for purposes of this Article 8, each share of the Voting Stock shall have the number of votes granted to it pursuant to Article 4 of this Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(b) *Definition of "Business Combination"*. The term "**Business Combination**" as used in this Article 8 shall mean any transaction which is referred to in any one or more of clauses (i) through (v) of paragraph (a) of this Section 1.

SECTION 2. When Higher Vote is Not Required.

The provisions of Section 1 of this Article 8 shall not be applicable to any particular Business Combination involving an Interested Stockholder, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if the Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

SECTION 3. *Certain Definitions*. For the purposes of this Article 8:

(a) "**person**" shall mean any individual, firm, corporation or other entity.

(b) "**Interested Stockholder**" shall mean any person (other than the Corporation, any Subsidiary or any employee benefit plan of the Corporation) who or which:

(i) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock; or

(ii) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then-outstanding Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(c) A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(d) For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (b) of this Section 3, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (c) of this Section 3 but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or, upon exercise of conversion rights, warrants or options, or otherwise.

(e) "**Affiliate**" or "**Associate**" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated pursuant to the Exchange Act.

(f) "**Subsidiary**" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; *provided, however*, that for the purposes of the definition of Interested Stockholder set forth in paragraph (b) of this Section 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(g) "**Disinterested Director**" means any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, and any other Director who is unaffiliated with the Interested Stockholder and, prior to such Director's election or appointment as a director, was recommended or approved by a majority of Disinterested Directors then on the Board.

SECTION 4. *Powers of the Board of Directors.* A majority of the directors of the Corporation shall have the power and duty to determine for the purposes of this Article 8, on the basis of information known to them after reasonable inquiry, (a) whether a person is an Interested Stockholder, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, (d) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of \$20,000,000 or more. A majority of the directors of the Corporation shall have the further power to interpret all the terms and provisions of this Article 8.

SECTION 5. *No Effect of Fiduciary Obligations of Interested Stockholders.* Nothing contained in this Article 8 shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

9. *Amendment.*

(a) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, paragraphs (b) and (i) of Article 5 hereof, this Article 9 (Amendment), Articles 6 (Section 203 of the Delaware Act), 7 (Certain Corporate Opportunities), 8 (Certain Business Combinations) and 10 (Exclusive Forum) hereof, and paragraph (b) of Section 1 of Article 3 (Special Meetings), Section 5 of Article 3 (Business Brought Before a Meeting) and Sections 1 (Election, Number and Term of Office) and 2 (Nomination of Directors) of Article 4 (Directors) of the By-Laws shall not be altered, amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least 80% of the then-outstanding Voting Stock, voting together as a single class. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the then-outstanding Voting Stock, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal this paragraph (a) of Article 9.

(b) The Corporation reserves the right to amend, alter, change or repeal any provision contained in its Certificate of Incorporation, or any amendment thereof, in the manner now or hereafter prescribed by the laws of the State of Delaware or this Certificate of Incorporation, and all rights conferred upon the stockholders of the Corporation are granted subject to this reservation.

10. *Exclusive Forum.* Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any actual or purported derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the Delaware Act or the Certificate of Incorporation or the By-Laws (in each case, as they may be amended from time to time), or (d) any action asserting a claim governed by the internal affairs doctrine of the State of Delaware, shall, in each case, be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), in all cases subject to such courts having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article 10.

Livent Corporation Executive Severance Guidelines for Designated Executives

Background

The intent of these severance guidelines (“Guidelines”) is to provide designated executives of Livent Corporation (the “Company”) with reasonable transition benefits in the event of a termination of employment without cause (other than in the context of a change in control, or as a result of death, disability or retirement). For this purpose, the term “designated executive” will have the same meaning as used in the Charter of the Compensation and Organization Committee of the Company’s Board of Directors (the “Committee”). This document is a guideline for the Chief Executive Officer of the Company and does not create any entitlement for designated executives. Any deviation from these Guidelines must be reviewed and approved by the Committee.

Severance Guidelines

Key elements of the Guidelines:

- **Severance Pay**
 - Twelve (12) months base salary, payable in a lump sum;
 - Twelve (12) months of target bonus, payable in a lump sum; and
 - Prorated target bonus for the year of termination
- **Medical/Dental Benefits**
 - Twelve (12) months of continued benefits from the termination date at normal employee rates
- **Long-Term Incentives, Stock Options, Restricted Stock Units and Performance-Based Cash/Equity**
 - Unvested options that would have vested based solely on continued service within one calendar year following termination become exercisable on regularly scheduled dates, and remain exercisable for twelve months thereafter
 - Twelve (12) months to exercise vested options
 - Prorated vesting of service-vesting restricted stock units at termination date
 - PRSUs subject to an open performance period will remain outstanding and be earned (or forfeited) based on actual performance through the end of the performance period, but prorated to reflect the portion of the performance period actually worked
- **Other Transition Benefits**
 - Outplacement assistance (\$20K cap)
 - Vacation pay (earned and unused)
 - Financial planning assistance for last calendar year of employment
 - Tax planning for last calendar year of employment

- **Conditions**

- Designated executive must execute non-compete, non-disclosure and non-solicitation agreement in a form satisfactory to the Company
- Designated executive must execute and not revoke a release of claims in a form satisfactory to the Company

Role of the Committee

The Committee approves these Guidelines and any amendments or exceptions hereto. The Committee should be notified prior to the termination of any designated executive. These Guidelines will be reviewed periodically to ensure that they are appropriate and relevant to the market.

Role of Management

Management advises the Committee of any anticipated termination of a designated executive of the Company, periodically reviews the appropriateness of these Guidelines, and administers the Guidelines in a fair and evenhanded manner.

Effective Date: August 1, 2022

AMENDMENT TO TRANSACTION AGREEMENT AND PLAN OF MERGER

This AMENDMENT TO TRANSACTION AGREEMENT AND PLAN OF MERGER (the "**Amendment**") made as of the 25th day of May, 2022 by and among LIVENT CORPORATION, a Delaware corporation ("**Livent**"), REACH MERGECO LIMITED, a non-cellular company incorporated in Guernsey with registration number 70586 ("**Merger Sub**"), PALLINGHURST LITHIUM LIMITED, a non-cellular company incorporated in Guernsey with registration number 68222 ("**PLL**"), PALLINGHURST GP LIMITED, a company incorporated in the Cayman Islands ("**PGPL**"), and AMOS CAPITAL LIMITED (formerly known as The Pallinghurst Group General Partner Limited), a company incorporated in the Cayman Islands ("**ACL**").

RECITALS:

WHEREAS the parties to this Amendment are parties to that certain Transaction Agreement and Plan of Merger dated as of May 2, 2022 (the "**Transaction Agreement**");

AND WHEREAS pursuant to the Transaction Agreement, Livent agreed to issue the PLL Note Livent Shares to PGPL, as directed by ACL, and the Carried Interest Livent Shares to PGPL;

AND WHEREAS PGPL and ACL have requested that Livent issue the PLL Note Livent Shares and the Carried Interest Livent Shares to ACL rather than PGPL, and Livent has agreed to do so;

AND WHEREAS the parties hereto wish to amend the Transaction Agreement as set forth in this Amendment to reflect that the PLL Note Livent Shares and the Carried Interest Livent Shares will be issued to ACL rather than PGPL;

NOW THEREFORE THIS AMENDMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties to this Amendment herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party hereto), the parties hereto agree as follows:

1. **Definitions**

Capitalized terms that are used but not defined in this Amendment, including in the recitals hereto, have the respective meanings specified in the Transaction Agreement.

2. **References to TPGGPL**

(a) ACL represents and warrants to Livent and Merger Sub that its name was changed from "The Pallinghurst Group General Partner Limited" to "Amos Capital Limited" as of May 10, 2022.

(b) All references to "TPGGPL" in the Transaction Agreement are hereby deleted and replaced with references to ACL.

(c) The representation and warranty in Section 2(a) of this Amendment shall be deemed to have been made under Article 3 of the Transaction Agreement for all purposes

thereof, and such representation and warranty shall be a Fundamental Representation for all purposes of the Transaction Agreement, subject to, among other things, Section 8.01 (*Survival*) and 8.02 (*Indemnification*).

3. **Amendment to Recitals**

The fifth recital of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

“WHEREAS, after giving effect to the transactions contemplated by this Agreement, each of the shareholders of PLL (the “**PLL Shareholders**”), which are listed on Schedule A, will continue to hold an indirect interest in Nemaska through its ownership of Issued Livent Shares (as defined herein), as will ACL, and ACL or one of its Affiliates will continue as the “Initial Manager” of Nemaska as contemplated herein;”

4. **Amendment to definition of “Transfer”**

The references to “PGPL” in the definition of Transfer are hereby deleted and replaced with references to ACL.

5. **Amendment to Section 2.01(a) (The Merger)**

Section 2.01(a) of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

“Effective one minute prior to the Effective Time, PLL shall issue an unsecured promissory note in the principal amount of \$67,343,405 (the “**PLL Note**”) to ACL in full satisfaction of the “Performance Incentive” (as defined in the PLL Management Agreement) and all other fees payable to ACL and its “Associates” (as defined in the PLL Management Agreement) by PLL in connection with the transactions contemplated by this Agreement. PLL and ACL hereby agree that, concurrently with the issuance of the PLL Note, the PLL Management Agreement shall automatically terminate without the need for any further act or formality by either party thereto, following which none of PLL, ACL or any of their respective Affiliates or any other Person shall have any rights or obligations, contingent or otherwise, pursuant to the PLL Management Agreement, including under Section 12.1 thereto.”

6. **Amendment to Section 2.06 (Treatment of PLL Note)**

Section 2.06 of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

“**Treatment of PLL Note.** Effective one minute following the Effective Time, without any action on the part of any party hereto or any other Person, Livent shall issue the number of shares set

forth opposite "PLL Note Livent Shares" on Schedule H (the "**PLL Note Livent Shares**") to ACL in full satisfaction of the Continuing Company's obligations under the PLL Note. At the Closing, Livent shall deliver evidence of book-entry transfers representing the PLL Note Livent Shares registered in the name of ACL, and the PLL Note shall be cancelled."

7. **Amendment to Section 2.07 (Extinguishment of Carried Interest Payment Obligations)**

Section 2.07 of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

"Extinguishment of Carried Interest Payment Obligation.

Upon the terms and subject to the conditions of this Agreement, at the Effective Time, Livent shall issue the number of shares set forth opposite "Carried Interest Livent Shares" on Schedule H (the "**Carried Interest Livent Shares**") to ACL, as hereby directed by PGPL, in full satisfaction of PGPL's and its Associates' (as defined in the QLP SHA) contingent right to receive a portion of the "Proceeds" pursuant to and as defined in Section 8.2 of the QLP SHA, following which none of PGPL, Livent USA, Livent or any of their respective Affiliates or any other Person shall have any rights or obligations, contingent or otherwise, pursuant to Section 8.2 of the QLP SHA. At the Closing, Livent shall deliver evidence of book-entry transfers representing the Carried Interest Livent Shares registered in the name of ACL."

8. **Amendment to Section 2.08 (Closing)**

(a) Section 2.08(b) of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

"Livent shall deliver, or cause to be delivered, to ACL evidence of book-entry transfers representing the PLL Note Livent Shares and the Carried Interest Livent Shares registered in the name of ACL."

(b) Section 2.08(c)(ii) of the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

"a properly completed and duly executed Internal Revenue Service Form W-8 or W-9 in respect of each of the PLL Shareholders and ACL;"

9. **Amendment to Representations and Warranties of PLL, PGPL and ACL**

(a) The last sentence of Section 3.01 (*Corporate Existence and Power; Affiliate*) in the Transaction Agreement is hereby deleted in its entirety and replaced with the following:

"ACL and PGPL are not Affiliates of any PLL Shareholder, except as set forth in Schedule E and ACL is an Affiliate of PGPL. ACL is

an "Associate" (as such term is defined in the QLP SHA) of PGPL."

(b) The representations and warranties of PLL, PGPL and ACL in Section 3.05(b) (*Capitalization of PLL*), Section 3.07(d) (*Assets and Liabilities*) and Section 3.10 (*Private Placement*) of the Transaction Agreement are hereby amended by deleting the references to "PGPL" therein and replacing them with references to "ACL".

(c) The second sentence of Section 3.11 (*Inspections; No Other Representations*) is hereby deleted in its entirety and replaced with the following:

"Without limiting the generality of the foregoing, each of PLL, PGPL and ACL acknowledges that none of Livent nor any of its Affiliates makes any representation or warranty with respect to (i) any projections, forecasts or other estimates, plans or budgets delivered to or made available to PLL, PGPL or ACL or any of their Affiliates or any of their or such Affiliates' Representatives of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of Livent or any of its Subsidiaries or the future business, operations or affairs of Livent or any of its Subsidiaries or (ii) any other information or documents made available to PLL, PGPL or ACL or any of their Affiliates or any of their or such Affiliates' Representatives with respect to Livent or any of its Subsidiaries or their respective businesses or operations (including as to the accuracy and completeness of any such information), except as expressly set forth in Article 4."

(d) The representations and warranties of PLL, PGPL and ACL in Section 3.09 (*Finders' Fees*) of the Transaction Agreement are hereby amended by deleting the phrase "Except for the fees payable to PGPL that will be evidenced by the PLL Note and fully settled as contemplated in this Agreement" and replacing it with the phrase "Except for the fees payable to ACL that will be evidenced by the PLL Note and fully settled as contemplated in this Agreement".

10. **Amendments to Representations and Warranties of Livent**

(a) The reference to "PGPL" in Section 4.07 (*Issuance of Issued Livent Shares*) is hereby deleted and replaced with a reference to ACL.

(b) Section 4.16 (*Finders' Fees*) is hereby amended by inserting ", ACL" after the reference to PGPL.

11. **Amendment to Section 5.06 (Lock-Up)**

The references to "PGPL" in Section 5.06 (*Lock-Up*) of the Transaction Agreement are hereby deleted and replaced with references to ACL.

12. **Amendment to Section 6.03 (NYSE Listing)**

The references to "PGPL" in Section 6.03 (*NYSE Listing*) of the Transaction Agreement are hereby deleted and replaced with references to ACL.

13. **Amendment to Section 6.10 (Legends)**

The references to "PGPL" in Section 6.10 (*Legends*) of the Transaction Agreement are hereby deleted and replaced with references to ACL.

14. **Amendment to Section 6.11 (Rule 144)**

The references to "PGPL" in Section 6.11 (*Rule 144*) of the Transaction Agreement are hereby deleted and replaced with references to ACL.

15. **Amendment to Section 6.14 (Certificate of Non-USRPHC Status)**

The references to "PGPL" in Section 6.14 (*Certificate of Non-USRPHC Status*) of the Transaction Agreement are hereby deleted and replaced with references to ACL.

16. **Amendment to Section 7.02 (Conditions to Obligations of Livent and Merger Sub)**

Clauses (ii) and (iii) of Section 7.02(a) (Conditions to Obligations of Livent and Merger Sub) are hereby deleted in their entirety and replaced with the following:

"(ii) the representations and warranties of PLL, PGPL and ACL contained in this Agreement (including any amendment thereto) and in any certificate or other writing delivered by PLL, PGPL or ACL pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such date and (iii) Livent shall have received a certificate signed by an officer of PLL, PGPL and ACL to the foregoing effect"

17. **Amendment to Section 7.03 (Conditions to Obligation of PLL and PGPL).**

Section 7.03 (*Conditions to Obligation of PLL and PGPL*) is hereby amended by inserting ", ACL" after each reference to PLL.

18. **Amendment to Schedule E (PGPL Affiliate)**

Schedule E to the Transaction Agreement is hereby amended by deleting the title of such Schedule and replacing it with "PGPL and ACL Affiliates", and the reference to Schedule E to the Transaction Agreement in the table of contents of the Transaction Agreement is hereby amended by deleting the title of such Schedule and replacing it with "PGPL and ACL Affiliates".

19. **Amendment to Schedule H (PGPL Livent Shares)**

Schedule H to the Transaction Agreement is hereby amended by deleting the title of such Schedule and replacing it with "ACL Livent Shares" and the reference to Schedule H to the Transaction Agreement in the table of contents of the Transaction Agreement

is hereby amended by deleting the title of such Schedule and replacing it with "ACL Livent Shares".

20. **Effect of Amendment on Transaction Agreement**

Except as modified by this Amendment, the Transaction Agreement remains unchanged and in full force and effect.

21. **Other Provisions**

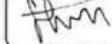
This Amendment hereby incorporates the provisions of Sections 10.04 (Expenses), 10.05 (Successors and Assigns), 10.06 (Governing Law), 10.07 (Jurisdiction), 10.08 (WAIVER OF JURY TRIAL), 10.09 (Counterparts; Effectiveness; Third Party Beneficiaries), 10.10 (Entire Agreement), 10.11 (Severability) and 10.12 (Specific Performance) of the Transaction Agreement as if fully set forth herein, *mutatis mutandis*.

[Signature pages follow.]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

LIVENT CORPORATION

DocuSigned by:



3C540CF1D0CE4F0...

by _____

Name: Gilberto Antoniazzi
Title: Vice President and Chief
Financial Officer

REACH MERGECQ LIMITED

by _____

Name: _____
Title: Amit Taylor
Director

For Coston Services Limited

25th May 2022



TRISTAN CAIRNS
Fox SPREAD SERVICES
LIMITED, Director

25 May 2022

PALLINGHURST LITHIUM LIMITED

by _____

Name:
Title:

PALLINGHURST GP LIMITED

by _____

Name:
Title:

AMOS CAPITAL LIMITED

by _____

Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

LIVENT CORPORATION

REACH MERGECO LIMITED

by _____
Name:
Title:

by _____
Name:
Title:

PALLINGHURST LITHIUM LIMITED

PALLINGHURST GP LIMITED

by Andrew Willis
Name: Andrew Willis
Title: Director

by Andrew Willis
Name: Andrew Willis
Title: Director

AMOS CAPITAL LIMITED

by Andrew Willis
Name: Andrew Willis
Title: Director

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: August 4, 2022

/s/ Paul W. Graves

Paul W. Graves
President and Chief Executive Officer

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: August 4, 2022

/s/ Gilberto Antoniazzi

Gilberto Antoniazzi
Vice President and Chief Financial Officer

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 June 30, 2022 (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: August 4, 2022

/s/ Paul W. Graves

Paul W. Graves
President and Chief Executive Officer

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 June 30, 2022 (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: August 4, 2022

/s/ Gilberto Antoniazzi

Gilberto Antoniazzi
Vice President and Chief Financial Officer