

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 28, 2021

LSB INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

1-7677  
(Commission  
File Number)

73-1015226  
(IRS Employer  
Identification No.)

3503 NW 63rd Street, Suite 500, Oklahoma City, Oklahoma  
(Address of principal executive offices)

73116  
(Zip Code)

Registrant's telephone number, including area code (405) 235-4546

Not applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 \$.10   | LXU               | New York Stock Exchange                   |
| Preferred Stock Purchase Rights | N/A               | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On July 28, 2021, LSB Industries, Inc. (the "Company") issued a press release to report its financial results for the second quarter ended June 30, 2021. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On July 29, 2021, at 10:00 a.m. (Eastern time) / 9:00 a.m. (Central time), the Company will hold a conference call broadcast live over the Internet to discuss the financial results of the second quarter ended June 30, 2021.

*The information contained in this Item 2.02 of this Form 8-K and the Exhibit 99.1 attached hereto are being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Act of 1934 (as amended), or otherwise subject to the liabilities of such section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (as amended), except as shall be expressly set forth by specific reference to this Item 2.02 in such filing.*

**Item 9.01 Exhibits.**

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u>   |
|-----------------------|--|
| 99.1                  | <a href="#">Press Release issued by LSB Industries, Inc. dated July 28, 2021, titled "LSB Industries, Inc. Reports Operating Results for the 2021 Second Quarter".</a> |
| 104                   | Cover Page Interactive Data File (embedded within the XBRL document)   |

SIGNATURES

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

Dated: July 28, 2021

LSB INDUSTRIES, INC.

By: /s/ Cheryl A. Maguire  
Name: Cheryl A. Maguire  
Title: Executive Vice President and Chief  
Financial Officer



**LSB INDUSTRIES, INC. REPORTS OPERATING RESULTS  
FOR THE 2021 SECOND QUARTER**

***Achieves Record Adjusted EBITDA***

OKLAHOMA CITY, Oklahoma...July 28, 2021... LSB Industries, Inc. (NYSE: LXU) ("LSB" or the "Company") today announced results for the second quarter ended June 30, 2021.

**Second Quarter Highlights**

- Net sales of \$140.7 million compared to \$105.0 million in the second quarter of 2020
- Adjusted EBITDA<sup>(1)</sup> of \$46.0 million compared to \$29.2 million in the second quarter of 2020
- Adjusted EBITDA<sup>(1)</sup> margin of 32.7% compared to 27.8% in the second quarter of 2020
- Total liquidity of approximately \$68 million as of June 30, 2021
- Initiated process of exchanging outstanding preferred stock into shares of common stock in order to provide Company with lower cost of capital and unlock growth opportunities

"We delivered significant year-over-year growth in both our top and bottom line in the second quarter," stated Mark Behrman, LSB Industries' President and CEO. "Our net sales increased 34% while adjusted EBITDA, which reached an all-time record level for our chemical operations, was up almost 60% versus the same period last year. These outstanding results reflect robust demand and pricing trends for both our agricultural and industrial products coupled with continued solid operating performance by our facilities and the operating leverage inherent in our business model."

"In addition to the strong improvement in our financial performance, which we expect to persist through the balance of the year and into 2022, we recently announced that we signed an agreement with the holder of our outstanding preferred stock to exchange their preferred stock for shares of LSB common stock. If our shareholders approve the exchange transaction, we expect this transformative transaction to simplify our capital structure, lower our cost of capital and provide us with greater financial flexibility to pursue growth initiatives. Given the favorable nitrogen industry dynamics we are currently experiencing, we believe that now is an opportune time to execute this transaction, particularly given our intention to refinance our senior secured notes and opportunities we believe exist to drive organic growth, including our entry into the rapidly emerging blue/green ammonia and clean energy markets. Additionally, we regularly evaluate M&A prospects that we believe could be accretive to earnings as a result of the increased scale and expanded production capabilities that they would provide us. We believe that the exchange of this preferred stock into common stock and the overall simplification of our capital structure, including the potential refinancing of our senior secured notes, will enhance our ability to generate profitable growth and greater long-term value for our shareholders."

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<sup>(1)</sup> This is a Non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

## Second Quarter Results Overview

| Sales by Market Sector | Three Months Ended June 30, |            |                  |            |          |
|------------------------|-----------------------------|------------|------------------|------------|----------|
|                        | 2021                        |            | 2020             |            | % Change |
|                        | Net Sales                   | Sector Mix | Net Sales        | Sector Mix |          |
| Agricultural           | \$ 66,508                   | 47%        | \$ 64,997        | 62%        | 2%       |
| Industrial             | 60,608                      | 43%        | 29,559           | 28%        | 105%     |
| Mining                 | 13,580                      | 10%        | 10,477           | 10%        | 30%      |
|                        | <u>\$ 140,696</u>           |            | <u>\$105,033</u> |            | 34%      |

Comparison of 2021 to 2020 quarterly periods:

- Net sales of our agricultural products increased during the quarter relative to the prior year period driven by stronger pricing for UAN, ammonia and HDAN. Partially offsetting the benefit of stronger pricing was the impact from winter storm Uri in February 2021. Our El Dorado and Pryor facilities were shut down as our natural gas supply was curtailed during the very cold weather conditions that were experienced throughout the central United States. This shutdown, resulted in a drawdown of inventory, particularly of HDAN, given increased sales in the first quarter, reducing our inventory available for sale in the second quarter. Also depressing agricultural volumes during the second quarter was the impact of wet weather across the Southern Plains throughout much of May which delayed the application of fertilizer products. Agricultural sales were also impacted by a shift in product mix as we continue our focus on the Industrial business.
- Net sales of our industrial and mining products increased as a result of higher pricing related to a rise in the Tampa ammonia benchmark price, to which many of our industrial contracts are tied. Also benefitting industrial sales was the ramp up of a new nitric acid offtake agreement along with the continued recovery of demand from several key end markets including automotive, home building and power generation, which have now exceeded pre-pandemic levels of demand.
- The year-over-year improvement in operating income and adjusted EBITDA was primarily the result of the higher selling prices along with stronger Industrial and Mining volumes partially offset by higher natural gas prices as well as the impact of the weather issues that reduced our inventory headed into the second quarter.

The following tables provide key sales metrics for our Agricultural products:

| Product (tons sold)                  | Three Months Ended June 30, |                |          |
|--------------------------------------|-----------------------------|----------------|----------|
|                                      | 2021                        | 2020           | % Change |
| Urea ammonium nitrate (UAN)          | 121,995                     | 111,860        | 9 %      |
| High density ammonium nitrate (HDAN) | 76,539                      | 128,018        | (40) %   |
| Ammonia                              | 17,038                      | 28,383         | (40) %   |
| Other                                | 6,628                       | 9,257          | (28) %   |
|                                      | <u>222,200</u>              | <u>277,518</u> | (20) %   |

  

| Average Selling Prices (price per ton) (A) |        |        |      |
|--|--------|--------|------|
| UAN  | \$ 231 | \$ 149 | 55 % |
| HDAN                                       | \$ 286 | \$ 232 | 23 % |
| Ammonia                                    | \$ 395 | \$ 250 | 58 % |

(A) Average selling prices represent “net back” prices which are calculated as sales less freight expenses divided by product sales volume in tons.

The following table indicates the volumes sold of our major Industrial and Mining products:

| Product (tons sold)                            | Three Months Ended June 30, |                | % Change |
|--|-----------------------------|----------------|----------|
|  | 2021                        | 2020           |          |
| Ammonia  | 67,503                      | 62,108         | 9 %      |
| AN, Nitric Acid, Other                         | 118,327                     | 72,990         | 62 %     |
|  | <u>185,830</u>              | <u>135,098</u> | 38 %     |
| Tampa Ammonia Benchmark (price per metric ton) | \$ 545                      | \$ 234         | 133 %    |
| <u>Input Costs</u>                             |                             |                |          |
| Average natural gas cost/MMBtu                 | \$ 2.78                     | \$ 1.81        | 54 %     |

### Financial Position and Capital Expenditures

As of June 30, 2021, our total cash position was \$17.6 million. Additionally, LSB had approximately \$50.3 million of borrowing availability under its Working Capital Revolver resulting in total liquidity of approximately \$68 million. Total long-term debt, including the current portion, was \$470.5 million on June 30, 2021 compared to \$484.2 million on December 31, 2020. The aggregate liquidation value of the Series E-1 Redeemable Preferred at June 30, 2021, inclusive of accrued dividends of \$157.9 million, was \$297.7 million.

Interest expense for the second quarter of 2021 was \$12.3 million compared to \$12.5 million for the same period in 2020.

In June 2021, the entire principal balance and interest of the Company’s Paycheck Protection Program (“PPP”) loan was forgiven in the amount of \$10.0 million plus interest. The loan was originally issued to the Company in April 2020 under the CARES Act.

Capital expenditures were approximately \$14.8 million for the first half of 2021. For the full year of 2021, total capital expenditures related to capital work to be performed in 2021 are expected to be approximately \$30-\$35 million, inclusive of investments for margin enhancement purposes.

### Outlook

The environment for U.S. agricultural markets is significantly more favorable relative to this point last year due to a combination of stronger farmer incomes in 2020, increased demand for corn from China and other countries, and dry conditions in South America, which have led to the highest corn prices in eight years. This has translated into strong demand and a significant increase in pricing for fertilizers. Tampa ammonia, based on its second quarter 2021 average selling price, increased by over \$300/MT, or 133% relative to the same period in 2020, while UAN and HDAN, increased by approximately \$80 per ton and \$50 per ton, or nearly 55% and 25%, respectively, compared to the same period last year. Our industrial business also continues to benefit from positive trends in its key end markets including automotive,

homebuilding and power generation, which have recovered to above pre-pandemic levels reflecting the beneficial impact of widespread COVID vaccination throughout the U.S. Economic forecasts point to continued expansion, including those from The International Monetary Fund, that predict 7% year-over-year GDP growth for the U.S. in 2021, the largest percentage increase since 1984. The strength in the Tampa ammonia price also has positive ramifications for our industrial business as many industrial chemical contracts are indexed to the Tampa ammonia price. With the market trends on both sides of our business expected to continue through 2021, we continued to anticipate significant growth in net sales and adjusted EBITDA for the full year relative to 2020.

#### **Conference Call**

LSB's management will host a conference call covering the second quarter results on Thursday, July 29, 2021 at 10:00 am ET / 9:00 am CT to discuss these results and recent corporate developments. Participating in the call will be President & Chief Executive Officer, Mark Behrman and Executive Vice President & Chief Financial Officer, Cheryl Maguire. Interested parties may participate in the call by dialing (201) 493-6739. Please call in 10 minutes before the conference is scheduled to begin and ask for the LSB conference call. To coincide with the conference call, LSB will post a slide presentation at [www.lsbindustries.com](http://www.lsbindustries.com) on the webcast section of the Investor tab of our website.

To listen to a webcast of the call, please go to the Company's website at [www.lsbindustries.com](http://www.lsbindustries.com) at least 15 minutes prior to the conference call to download and install any necessary audio software. If you are unable to listen live, the conference call webcast will be archived on the Company's website.

#### **LSB Industries, Inc.**

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for a global chemical company in Baytown, Texas. LSB's products are sold through distributors and directly to end customers primarily throughout the United States and parts of Mexico and Canada. Additional information about the Company can be found on its website at [www.lsbindustries.com](http://www.lsbindustries.com).

#### **Forward-Looking Statements**

Statements in this release that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; our ability to complete the preferred stock exchange transaction on the terms disclosed or at all and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company's filings with the Securities and Exchange Commission (SEC).

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.

**See Accompanying Tables**

**Company Contact:**

Mark Behrman, President & CEO  
Cheryl Maguire, Executive Vice President & CFO  
(405) 235-4546

**Investor Contact: The Equity Group Inc.**

Fred Buonocore, CFA (212) 836-9607  
Mike Gaudreau (212) 836-9620



**LSB Industries, Inc.**  
**Condensed Consolidated Statement of Operations**

|   | Three Months Ended                       |                   | Six Months Ended   |                    |
|---|--|-------------------|--------------------|--------------------|
|   | 2021                                     | 2020              | 2021               | 2020               |
|   | June 30,                                 | June 30,          | June 30,           | June 30,           |
|   | (In Thousands, Except Per Share Amounts) |                   |                    |                    |
| Net sales   | \$ 140,696                               | \$ 105,033        | \$ 238,812         | \$ 188,444         |
| Cost of sales   | 105,688                                  | 86,012            | 195,744            | 166,872            |
| Gross profit  | <u>35,008</u>                            | <u>19,021</u>     | <u>43,068</u>      | <u>21,572</u>      |
| Selling, general and administrative expense           | 8,545                                    | 8,504             | 17,338             | 18,510             |
| Other expense (income), net                           | 6  | (167)             | (257)              | (635)              |
| Operating income                                      | <u>26,457</u>                            | <u>10,684</u>     | <u>25,987</u>      | <u>3,697</u>       |
| Interest expense, net                                 | 12,290                                   | 12,476            | 24,662             | 25,955             |
| Gain on extinguishment of debt                        | (10,000)                                 | —                 | (10,000)           | —                  |
| Non-operating other expense (income), net             | 745                                      | (128)             | 1,140              | (803)              |
| Income (loss) before benefit for income taxes         | <u>23,422</u>                            | <u>(1,664)</u>    | <u>10,185</u>      | <u>(21,455)</u>    |
| Benefit for income taxes                              | (248)                                    | (1,299)           | (206)              | (1,638)            |
| Net income (loss)                                     | <u>23,670</u>                            | <u>(365)</u>      | <u>10,391</u>      | <u>(19,817)</u>    |
| Dividends on convertible preferred stocks             | 75                                       | 75                | 150                | 150                |
| Dividends on Series E redeemable preferred stock      | 10,213                                   | 8,689             | 19,724             | 16,996             |
| Accretion of Series E redeemable preferred stock      | 513                                      | 505               | 1,024              | 1,009              |
| Net income attributable to participating securities   | 223                                      | —                 | —                  | —                  |
| Net income (loss) attributable to common stockholders | <u>\$ 12,646</u>                         | <u>\$ (9,634)</u> | <u>\$ (10,507)</u> | <u>\$ (37,972)</u> |
| Income (loss) per Common share:                       |  |                   |                    |                    |
| Basic:  |  |                   |                    |                    |
| Net income (loss)                                     | \$ 0.44                                  | \$ (0.34)         | \$ (0.37)          | \$ (1.35)          |
| Diluted:  |  |                   |                    |                    |
| Net income (loss)                                     | \$ 0.42                                  | \$ (0.34)         | \$ (0.37)          | \$ (1.35)          |

**LSB Industries, Inc.**  
**Consolidated Balance Sheets**

|   | June 30,<br>2021 | December 31,<br>2020 |
|---|------------------|----------------------|
| (In Thousands)                          |                  |                      |
| <b>Assets</b>                           |                  |                      |
| Current assets:                         |                  |                      |
| Cash and cash equivalents               | \$ 17,625        | \$ 16,264            |
| Accounts receivable                     | 67,431           | 42,929               |
| Allowance for doubtful accounts         | (377)            | (378)                |
| Accounts receivable, net                | 67,054           | 42,551               |
| Inventories:                            |                  |                      |
| Finished goods                          | 12,781           | 17,778               |
| Raw materials                           | 1,521            | 1,795                |
| Total inventories                       | 14,302           | 19,573               |
| Supplies, prepaid items and other:      |                  |                      |
| Prepaid insurance                       | 5,682            | 12,315               |
| Precious metals                         | 7,801            | 6,787                |
| Supplies                                | 25,878           | 25,288               |
| Other                                   | 4,757            | 6,802                |
| Total supplies, prepaid items and other | 44,118           | 51,192               |
| Total current assets                    | 143,099          | 129,580              |
| Property, plant and equipment, net      | 871,780          | 891,198              |
| Other assets:                           |                  |                      |
| Operating lease assets                  | 27,854           | 26,403               |
| Intangible and other assets, net        | 6,752            | 6,121                |
|   | 34,606           | 32,524               |
|   | \$ 1,049,485     | \$ 1,053,302         |

**LSB Industries, Inc.**  
**Consolidated Balance Sheets (continued)**

|   | June 30,<br>2021 | December 31,<br>2020 |  |
|---|------------------|----------------------|--|
| (In Thousands)  |                  |                      |  |
| <b>Liabilities and Stockholders' Equity</b>   |                  |                      |  |
| Current liabilities:  |                  |                      |  |
| Accounts payable  | \$ 51,212        | \$ 46,551            |  |
| Short-term financing  | 4,516            | 13,576               |  |
| Accrued and other liabilities   | 30,541           | 30,367               |  |
| Current portion of long-term debt   | 9,049            | 16,801               |  |
| Total current liabilities   | 95,318           | 107,295              |  |
| Long-term debt, net   | 461,459          | 467,389              |  |
| Noncurrent operating lease liabilities  | 20,277           | 19,845               |  |
| Other noncurrent accrued and other liabilities  | 7,372            | 6,090                |  |
| Deferred income taxes   | 31,195           | 30,939               |  |
| Commitments and contingencies   |                  |                      |  |
| Redeemable preferred stocks:  |                  |                      |  |
| Series E 14% cumulative, redeemable Class C preferred stock, no par value, 210,000 shares issued; 139,768 outstanding; aggregate liquidation preference of \$297,706,000 (\$277,982,000 at December 31, 2020) | 292,849          | 272,101              |  |
| Series F redeemable Class C preferred stock, no par value, 1 share issued and outstanding; aggregate liquidation preference of \$100  | —                | —                    |  |
| Stockholders' equity:   |                  |                      |  |
| Series B 12% cumulative, convertible preferred stock, \$100 par value; 20,000 shares issued and outstanding; aggregate liquidation preference of \$3,385,000 (\$3,265,000 at December 31, 2020)               | 2,000            | 2,000                |  |
| Series D 6% cumulative, convertible Class C preferred stock, no par value; 1,000,000 shares issued and outstanding; aggregate liquidation preference of \$1,342,000 (\$1,312,000 at December 31, 2020)        | 1,000            | 1,000                |  |
| Common stock, \$.10 par value; 75,000,000 shares authorized, 31,283,210 shares issued   | 3,128            | 3,128                |  |
| Capital in excess of par value  | 192,980          | 198,215              |  |
| Accumulated deficit   | (51,844)         | (41,487)             |  |
| Less treasury stock, at cost:   | 147,264          | 162,856              |  |
| Common stock, 982,639 shares (2,074,565 shares at December 31, 2020)  | 6,249            | 13,213               |  |
| Total stockholders' equity  | 141,015          | 149,643              |  |
|   | \$ 1,049,485     | \$ 1,053,302         |  |

**LSB Industries, Inc.**  
**Non-GAAP Reconciliations**

This news release includes certain “non-GAAP financial measures” under the rules of the Securities and Exchange Commission, including Regulation G. These non-GAAP measures are calculated using GAAP amounts in our consolidated financial statements.

**EBITDA and Adjusted EBITDA Reconciliation**

EBITDA is defined as net income (loss) plus interest expense, less gain on extinguishment of debt, plus depreciation and amortization (D&A) (which includes D&A of property, plant and equipment and amortization of intangible and other assets), plus provision for income taxes. Adjusted EBITDA is reported to show the impact of one time/non-cash or non-operating items-such as, loss (gain) on sale of a business and other property and equipment, one-time income or fees, certain fair market value (FMV) adjustments, non-cash stock-based compensation, and consulting costs associated with reliability and purchasing initiatives (Initiatives). We historically have performed turnaround activities on an annual basis; however, we have moved towards extending Turnarounds to a two or three-year cycle. Rather than being capitalized and amortized over the period of benefit, our accounting policy is to recognize the costs as incurred. Given these Turnarounds are essentially investments that provide benefits over multiple years, they are not reflective of our operating performance in a given year.

We believe that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. In addition, we believe that certain investors consider adjusted EBITDA as more meaningful to further assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items.

EBITDA and adjusted EBITDA have limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of EBITDA and adjusted EBITDA may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to EBITDA and adjusted EBITDA for the periods indicated. Adjusted EBITDA margin is calculated by taking adjusted EBITDA divided by Net Sales.

**LSB Industries, Inc.**  
**Non-GAAP Reconciliations (continued)**

|  | Three Months     |                  | Six Months       |                    |
|--|------------------|------------------|------------------|--------------------|
|  | Ended            | June 30,         | Ended            | June 30,           |
|  | 2021             | 2020             | 2021             | 2020               |
| <b>LSB Consolidated</b> (\$ in thousands)              |                  |                  |                  |                    |
| <b>Net income (loss)</b>                               | <b>\$ 23,670</b> | <b>\$ (365)</b>  | <b>\$ 10,391</b> | <b>\$ (19,817)</b> |
| Plus:  |                  |                  |                  |                    |
| Interest expense                                       | 12,290           | 12,476           | 24,662           | 25,955             |
| Depreciation and amortization                          | 17,277           | 17,295           | 34,354           | 35,202             |
| Gain on Extinguishment of debt-PPP loan                | (10,000)         | -                | (10,000)         | -                  |
| Benefit for income taxes                               | (248)            | (1,299)          | (206)            | (1,638)            |
| <b>EBITDA</b>  | <b>\$ 42,989</b> | <b>\$ 28,107</b> | <b>\$ 59,201</b> | <b>\$ 39,702</b>   |
| Stock-based compensation                               | 1,063            | 685              | 1,776            | 1,180              |
| Noncash loss (gain) on natural gas contracts           | -                | (396)            | (1,205)          | 131                |
| Legal fees (Leidos)                                    | 441              | 955              | 1,327            | 4,242              |
| Loss (gain) on disposal of assets                      | 91               | (54)             | 174              | (277)              |
| FMV adjustment on preferred stock embedded derivatives | 716              | (120)            | 1,152            | (757)              |
| Consulting costs associated with Initiatives           | -                | -                | -                | 576                |
| Turnaround costs                                       | 707              | 11               | 847              | 11                 |
| <b>Adjusted EBITDA</b>                                 | <b>\$ 46,007</b> | <b>\$ 29,188</b> | <b>\$ 63,272</b> | <b>\$ 44,808</b>   |
| <b>Adjusted EBITDA Margin</b>                          | <b>32.7 %</b>    | <b>27.8 %</b>    | <b>26.5 %</b>    | <b>23.8 %</b>      |

**Agricultural Sales Price Reconciliation**

The following table provides a reconciliation of total agricultural net sales as reported under GAAP in our consolidated financial statement reconciled to netback sales which is calculated as net sales less freight expenses. We believe this provides a relevant industry comparison among our peer group.

|  | Three Months     |                  | Six Months        |                  |
|--|------------------|------------------|-------------------|------------------|
|  | Ended            | June             | Ended             | June             |
|  | 2021             | 30, 2020         | 2021              | 30, 2020         |
| Agricultural net sales (\$ in thousands) | \$ 66,508        | \$ 64,997        | \$ 111,421        | \$ 106,455       |
| Less freight                             | 4,089            | 5,530            | 7,715             | 9,466            |
| Agricultural netback sales               | <u>\$ 62,419</u> | <u>\$ 59,467</u> | <u>\$ 103,706</u> | <u>\$ 96,989</u> |