

# LSB Industries Investor Presentation

(NYSE: LXU)

March 2022



# Safe Harbor Statement

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## Forward Looking Statements

- Statements in this presentation 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; 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.

## Non-GAAP Financial Measures

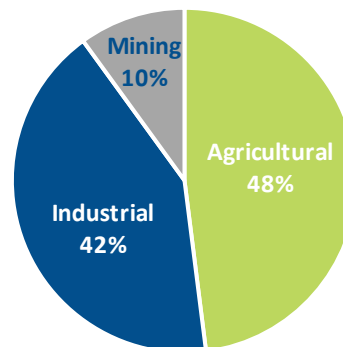
This presentation includes certain non-GAAP financial measures, including adjusted EBITDA and adjusted gross profit margin, which are provided to assist in an understanding of our business and its performance. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Non-GAAP financial measures should be read only in conjunction with consolidated financial statements and other financial information prepared in accordance with GAAP. Reconciliations of non-GAAP measures to the relevant GAAP measures are provided in the appendix of this presentation.

# LSB at a Glance

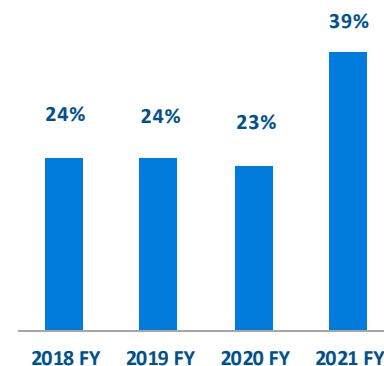
## Business Overview

- LSB Industries, headquartered in Oklahoma City, OK, manufactures and sells chemical products for the agricultural, mining and industrial markets through its three production facilities strategically located near key areas of customer demand
- Produces nitrogen-based fertilizers which are used to grow food crops, biofuel feedstock crops, pastureland for grazing livestock and forage production
- Additionally, LSB is a leading merchant marketer of nitric acid in the U.S., offering various concentrations, high-grade mixed acids and sulfuric acid for industrial markets
- The Company owns and operates three production facilities:
  - El Dorado, AR: Manufactures ammonia, ammonium nitrate, nitric acid, sulfuric acid and AN solution
  - Cherokee, AL: Manufactures UAN, ammonia, AN solution, nitric acid, CO2 and diesel exhaust fluid
  - Pryor, OK: Manufactures UAN, ammonia and CO2
- LSB operates an additional nitric acid facility in Baytown, TX owned by Covestro.

## TTM 12/31/21 Revenue by Business<sup>(1)</sup>



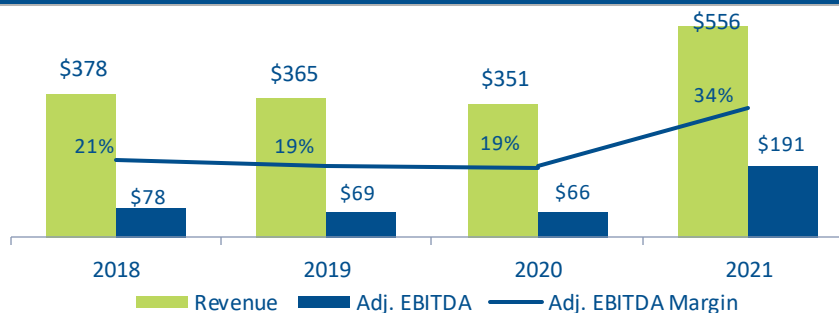
## Adj. Gross Margins<sup>(2)</sup>



## Select Key Customers



## Revenue and Adj. EBITDA Performance<sup>(3)</sup>



1) See appendix for reconciliations.

2) Adjusted Gross Margin is a non-GAAP measure. It reflects gross profit margin which excludes turnaround, depreciation and amortization expenses and a recovery from settlements. See appendix for reconciliation.

3) Adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures. See appendix for reconciliations.

# Investment Highlights

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**Diversified Nitrogen Chemicals Business with differentiated end market positions**

**Operational improvements resulting from over \$1 billion of investments and ongoing continuous improvement initiatives**

**Increased production capacity coupled with favorable demand and pricing environment driving sales growth and margin expansion**

**Significant opportunity for further bottom line improvement through multiple in-process projects aimed optimizing product mix and pricing opportunities**

**Reduced cost of capital and improved financial flexibility resulting from balance sheet recapitalization**

**Pursuing growth through accretive acquisitions, organic capacity expansion and low carbon ammonia opportunities**



# WHO WE ARE

1968

- Founded by Jack Golsen in 1968 and grew as an industrial conglomerate focused on industrial products and climate control systems

1983

- Acquired El Dorado, AR manufacturing facility (“El Dorado”) from Monsanto

1999

- Acquired Cherokee, AL chemical manufacturing facility (“Cherokee”) from La Roche Industries

2000

- Acquired Pryor, OK chemical manufacturing facility (“Pryor”) in a non-operating state

2010

- Re-started production out of Pryor to take advantage of low natural gas cost & high fertilizer selling prices

2013

- Completed offering of \$425 million of senior secured notes and commenced major expansion project at El Dorado

2015

- Completed structured finance transaction to provide funds to complete El Dorado expansion
- New nitric acid plants at El Dorado begin production

2016

- New ammonia plant at El Dorado begins production
- Climate Control Business divested for ~14X TTM EBITDA

2017

- Kicked off operational improvement and sales maximization initiatives

2019

- Current CEO and CFO assume their roles and advance operational improvement and sales maximization initiatives

2021

- Improved financial performance benefitting from strengthening end market trends and capital structure improvements



**MARK BEHRMAN**  
President & Chief Executive Officer

President and CEO of LSB Industries since 2018. He joined the company in 2014 and served as Executive Vice President and CFO from 2015-2018. Prior to LSB, Mr. Behrman had over 35 years of financial and investment banking experience in the industrial, transportation and energy sectors.



**CHERYL MAGUIRE**  
EVP & Chief Financial Officer

Joined LSB Industries in 2015 as the Vice President of Financial Planning and Accounting and was promoted to CFO in 2018. Ms. Maguire has over 20 years of experience in finance and accounting as it relates to the manufacturing and energy sectors.



**JOHN BURNS**  
EVP, Manufacturing

Joined LSB in 2020 as Executive Vice President, Manufacturing with over 30 years of operating experience in petroleum refining and chemical manufacturing sectors, including 8 years of experience with nitrogen-based fertilizers and industrial feedstocks.



**DAMIEN RENWICK**  
EVP, Chief Commercial Officer

Joined LSB in 2021 as Executive Vice President, Chief Commercial Officer with over 17 years of experience in the chemical industry, most recently with Houston-based Cyanco, the largest producer and distributor of sodium cyanide in the world.

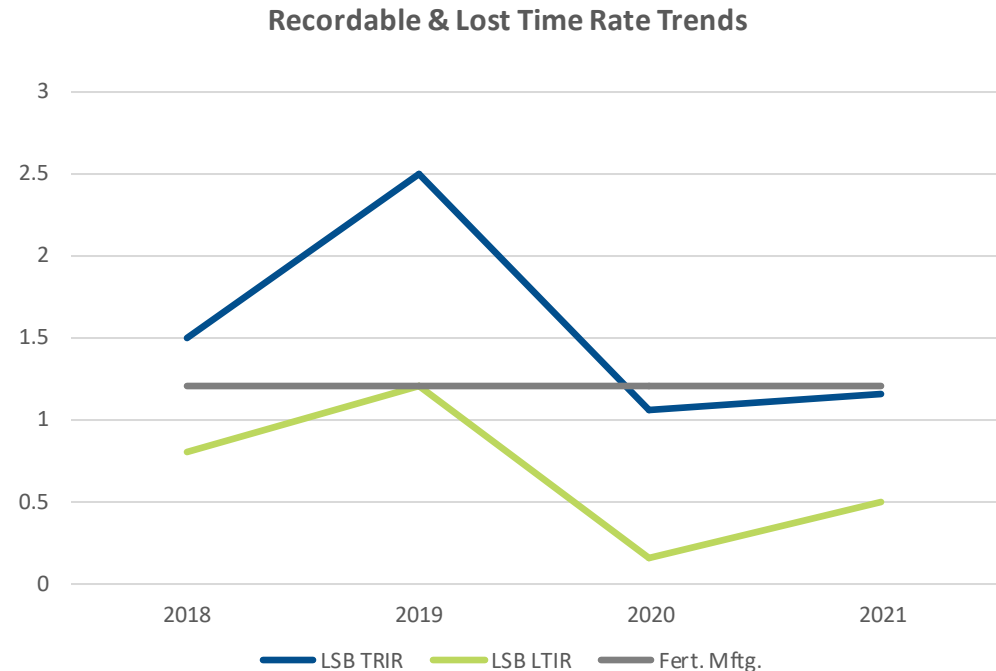


**MICHAEL FOSTER**  
EVP, General Counsel & Secretary

Joined LSB as General Counsel in 2016. Has more than 28 years of legal experience. Prior to LSB, he most recently served as Senior Vice President, General Counsel and Secretary for Tronox (NYSE: TROX).

# Employee Safety Is Our Top Priority – Goal Zero

- Our Safety focus continued in 2021
  - Our Job Safety Analysis process and Cross Site Event learning initiatives were enhanced in 2021
  - 2021 full year total recordable injury rate was 1.15 per 200,000-man hours representing solid performance but our top priority for improvement in 2022
- The Baytown facility has operated for more than 6 years without a recordable safety incident
- Our agricultural retail sites are nearing 2 years without a recordable event



# Strong Focus on Environmental, Social and Governance Issues



## Environmental

- Announced initial sustainability priorities via interactive document posted to <https://lsbindustries.com/esg/>
- Installed control equipment to reduce nitrous oxide (N<sub>2</sub>O, a greenhouse gas) emissions by 98% at our El Dorado Nitric Acid plant
- Capture and sell CO<sub>2</sub> byproducts, in lieu of releasing into the atmosphere. Construction of new Continental Carbonics CO<sub>2</sub> plant enabled capture and beneficial use of CO<sub>2</sub>.
- Currently evaluating blue and green ammonia opportunities
- Internal Spill Campaign for non-reportable quantity spills reduced by ~70% in 2021 vs 2020

## Social

- Donated \$50,000 to UNICEF for humanitarian efforts in Ukraine in March 2022
- Highly successful Q3'21 employee United Way campaign
- Pro-active COVID-19 Response, minimizing impact to employees and our communities and resulting in zero impact to operations

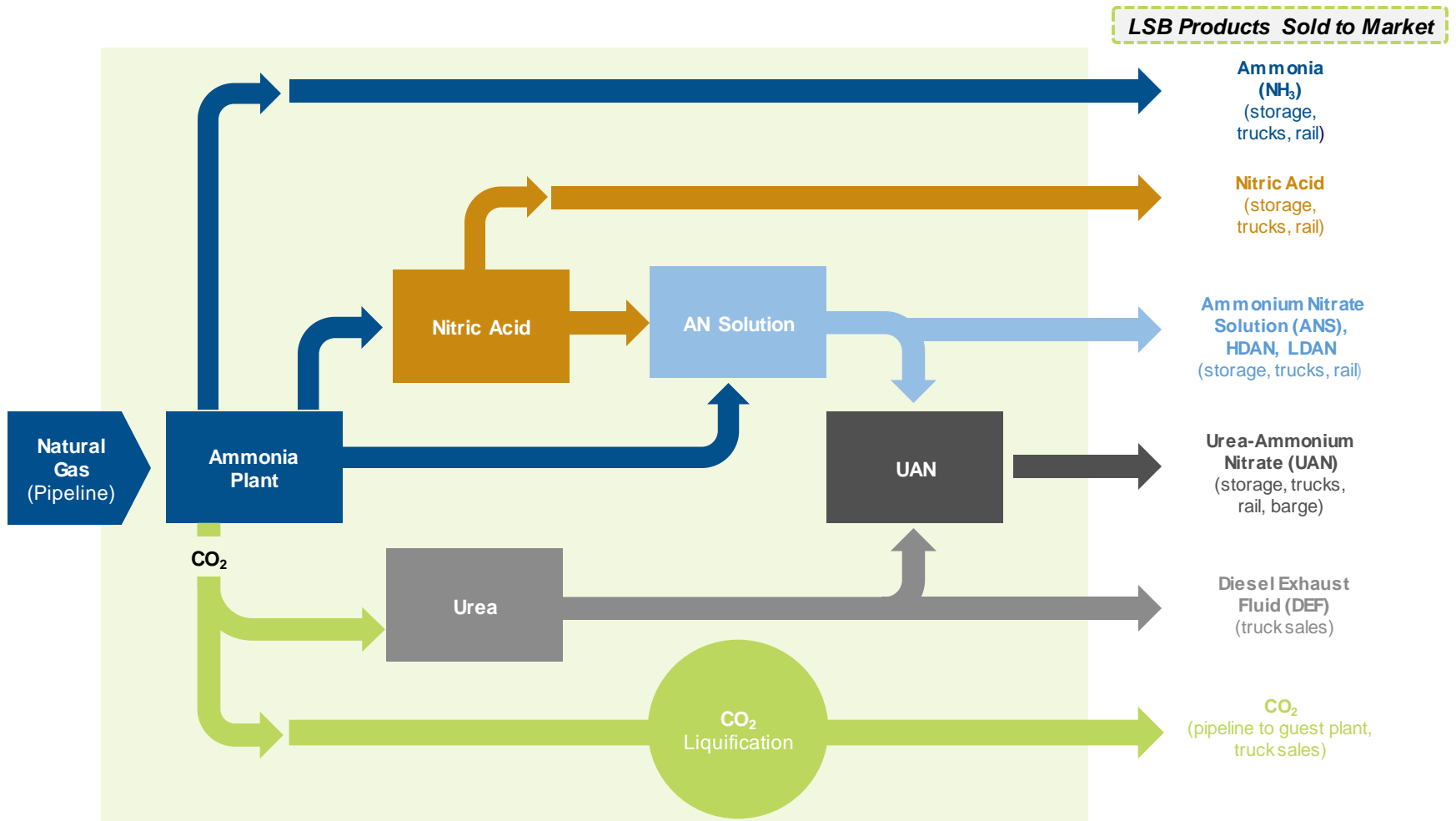
## Governance

- Diverse and highly qualified Board of Directors and management team focused on management systems with compensation aligned with key stakeholders



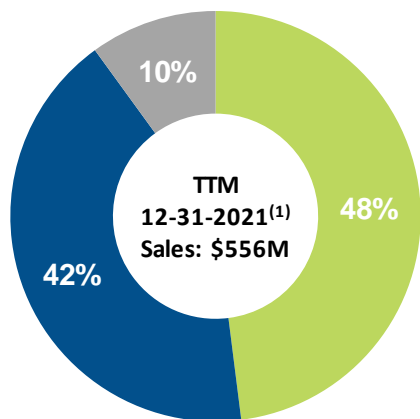
# WHAT WE DO

# Upgrading Low-Cost Feedstock to Margin Enhancing Chemicals



# Diversified Nitrogen Chemicals Business with Differentiated End Market Positions

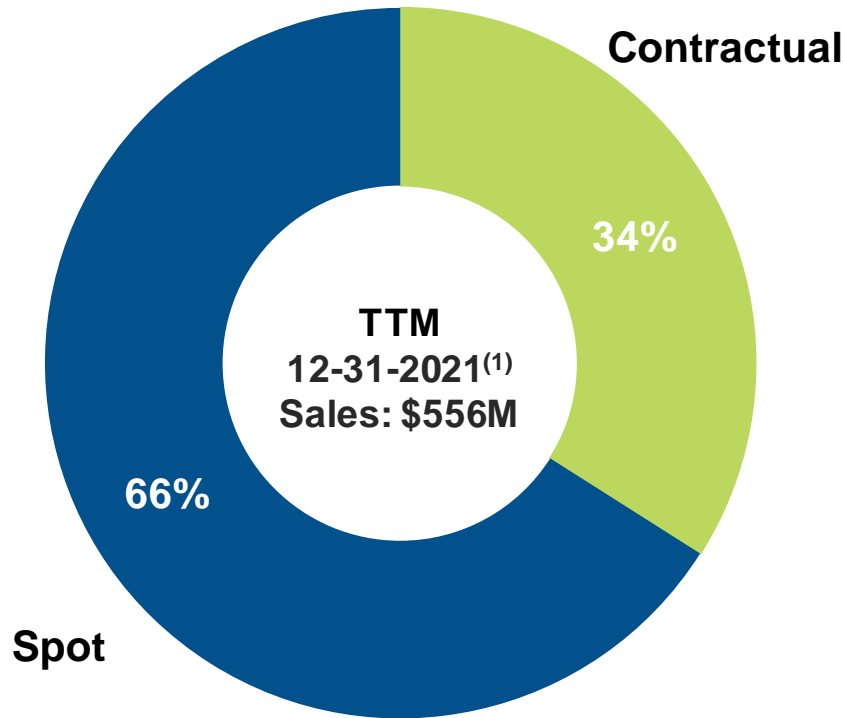
	Key Products	End Markets	Application
Agricultural	<ul style="list-style-type: none"> <li>Urea ammonium nitrate solutions (UAN)</li> <li>Ammonium nitrate (AN) – High density prills</li> <li>Ammonia</li> </ul>	<ul style="list-style-type: none"> <li>Fertilizer for corn and other crops</li> <li>Primary nitrogen component in nitrogen, phosphorus and potassium (NPK) fertilizer blends</li> <li>High nitrogen content fertilizer primarily used for corn</li> </ul>	 <p>Fertilizer</p>
Industrial	<ul style="list-style-type: none"> <li>Ammonia</li> <li>Nitric Acid</li> <li>Sulfuric Acid</li> <li>Diesel exhaust fuel (DEF)</li> <li>CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>Power plant emissions abatement, water treatments, refrigerants, metals processing</li> <li>Semi-conductor, nylon polyurethane intermediates, ammonium nitrate</li> <li>Pulp and paper, aluminum, water treatment, metals and vanadium processing</li> <li>Exhaust steam additive to reduce NO<sub>x</sub> emissions from diesel vehicles</li> <li>Food refrigeration / freezing, enhanced oil recovery</li> </ul>	 <p>Home Building</p>  <p>Power Plant Emissions</p>  <p>Automotive</p>
Mining	<ul style="list-style-type: none"> <li>Ammonium nitrate – low density prills and AN solutions</li> <li>Specialty E2 ammonium nitrate</li> </ul>	<ul style="list-style-type: none"> <li>Specialty emulsions for mining applications</li> <li>Surface mining, quarries, construction</li> </ul>	 <p>Mining</p>



1) See slide in appendix for TTM revenue reconciliation

# Sales Mix Provides Stability and Visibility Into Contract Pricing

TTM 12-31-21 Sales by Pricing Method



- Approximately one third of sales non-seasonal and priced pursuant to contract agreements, mitigating the impact of rising natural gas costs
- Contributes to margin stability through pass-through of raw materials and other manufacturing costs
- Positioned to take advantage of cash flow stability and upside opportunities in commodity driven markets

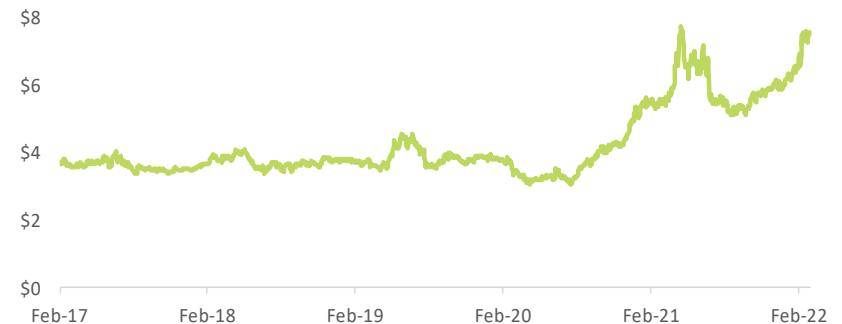
1) See slide in appendix for TTM revenue reconciliation

# MARKET OUTLOOK

# Agricultural Market Overview (1)

- Corn is currently trading above \$7.00/bushel and is expected to remain at elevated levels over the course of 2022
- Rebound in the production of ethanol (~40% of total annual U.S. corn use) as miles driven have returned to near pre-pandemic levels
- Soaring European gas prices forcing producers to curtail nitrogen production, limiting supply, with analysts estimating that more than half of European ammonia production is being impacted
- Drought conditions in South America and the Western U.S. have reduced global corn supply
- Robust pricing for nitrogen products has continued through Q1'22 and is expected to remain at elevated levels throughout 2022 and into 2023
- Tampa ammonia price for April settled at \$1,625/mt, the highest levels on record as global prices continue to increase
- Nola UAN benchmark pricing remains strong at over \$600/ton

5 Year Corn Prices



(1) Sources: USDA, Green Markets, Federal Reserve Economic Data

## Significantly Higher Pricing vs. A Year Ago

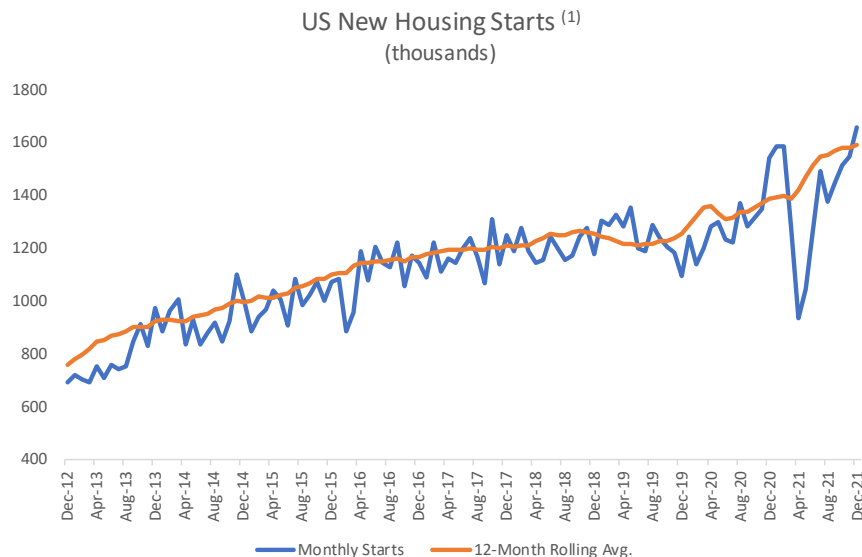
	Spot Prices March 18, 2022	One Year Ago
Tampa Ammonia	\$1,135 / MT	\$445 / MT
Urea (Southern Plains)	\$935 / ST	\$425 / ST
UAN (Southern Plains)	\$625 / ST	\$330 / ST
Ammonium Nitrate (Southern Plains)	\$785 / ST	\$400 / ST
Natural Gas (NYMEX Spot Price)	\$4.87/MMBtu	\$2.45/MMBtu

Sources: Green Markets and U.S. Energy Information Administration as of 3/18/22 publication.

# Strong Industrial and Mining Fundamentals

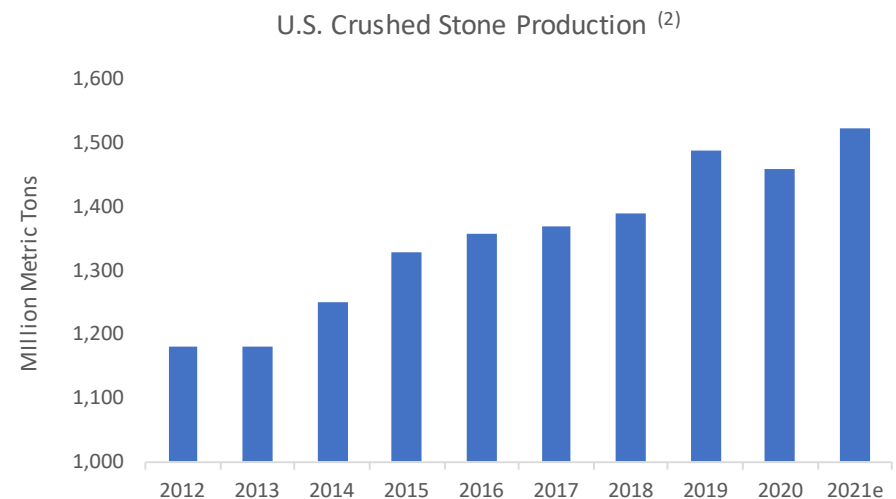
## Industrial

- U.S. Federal Reserve data indicates that new housing starts sit near 15-year highs and on a rolling twelve-month basis are at their highest in over ten years
- Pent up U.S. demand for new autos resulting from microprocessor shortage in 2021 likely to ease in 2022 translating into increased auto manufacturing
- Full year 2022 GDP expansion of 3.0%, as forecast by The Conference Board, represents a healthy rate of economic growth



## Mining

- Production of construction aggregates has increased over the past decade driven by infrastructure repair, upgrade and expansion and increased commercial and residential development
- Copper prices sit near all-time highs above \$4.50 per pound in February as a result of rising demand from various end markets, including electric vehicle production. This should translate into increase copper mine production in the coming years
- Overall demand for nitrogen products is supporting higher prices for ammonium nitrate



(1) Housing starts obtained from Federal Reserve Economic Data

(2) Crushed stone production obtained from USGS.gov

A large, light green L-shaped graphic that frames the central text. It consists of a thick vertical bar on the left and a thick horizontal bar at the bottom, meeting at a right-angle corner. The interior of the 'L' is white, providing a background for the text.

# **RECENT FINANCIAL PERFORMANCE & CAPITAL STRUCTURE**

# LSB Consolidated Financial Highlights

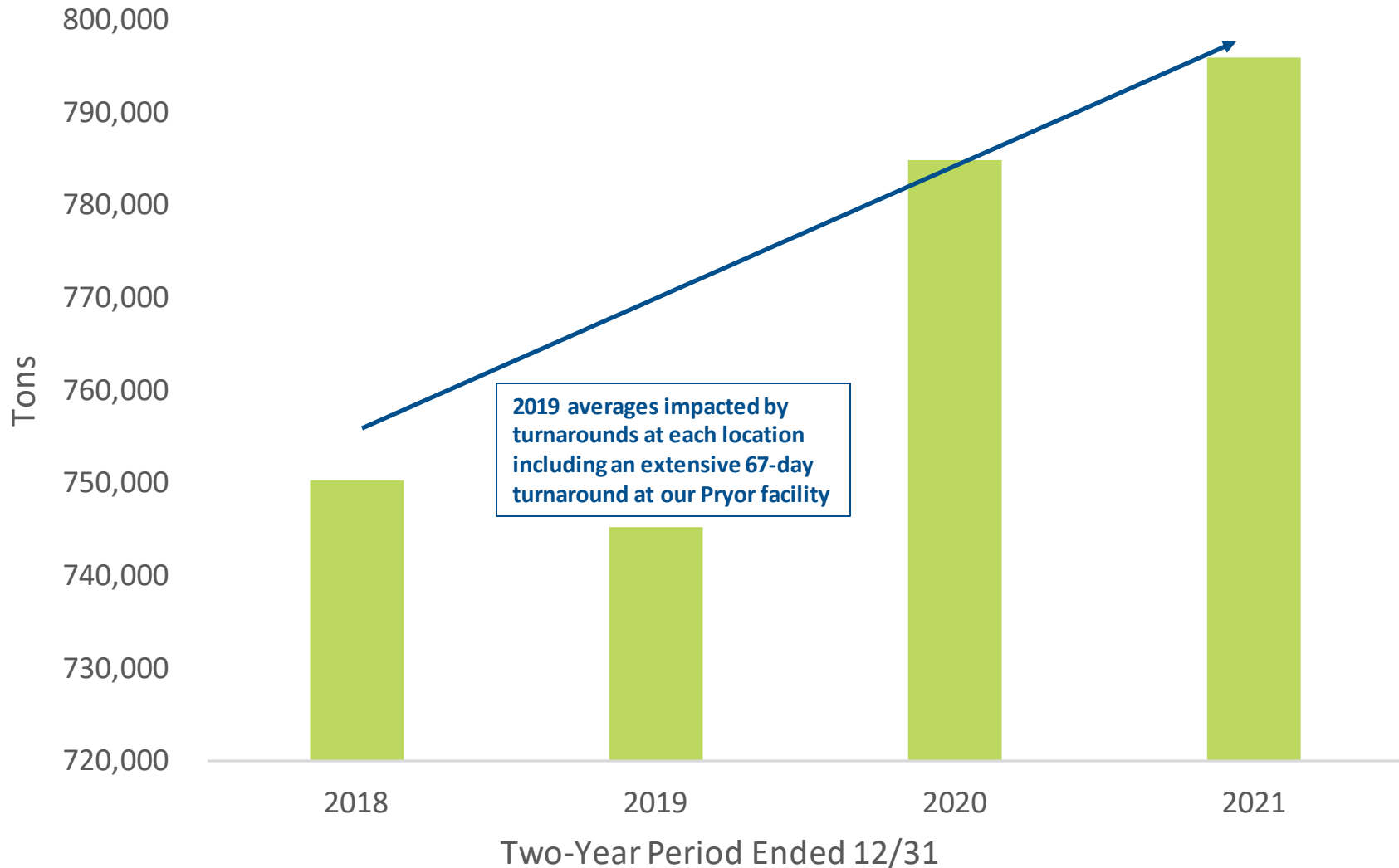
\$ in millions

	<u>4Q 2021</u>	<u>4Q 2020</u>	<u>YTD</u> <u>12/31/21</u>	<u>YTD</u> <u>12/31/20</u>	
Sales	\$190.2	\$88.9	\$556.2	\$351.3	Sales increase driven by higher pricing
Adjusted Gross Profit <sup>(1)</sup>	\$96.9	\$14.2	\$217.6	\$81.0	Higher selling prices partially offset by higher gas and other raw material costs
Operating Income/(Loss)	\$69.7	(\$10.2)	\$101.0	(\$15.5)	Operating profit increased in line with previously outlined factors that improved adjusted gross profit
EBITDA <sup>(2)</sup>	\$87.4 46%	\$7.1 8%	\$168.6 30%	\$55.3 16%	EBITDA increased in line with previously outlined factors that improved adjusted gross profit
Adjusted EBITDA <sup>(2)</sup>	\$90.1 47%	\$10.4 12%	\$191.0 34%	\$65.4 19%	Primarily favorable pricing see waterfall chart on subsequent slide for breakout
Adjusted EPS <sup>(2)</sup>	\$0.72	(\$0.49)	\$0.85	(\$1.37)	Adjusted EPS increase in line with previously outlined factors that improved adjusted gross profit

(1) Adjusted gross profit excludes depreciation, amortization and turnaround expenses. This is a non-GAAP measure. Refer to the Gross Profit Reconciliation page within this presentation for reconciliation of adjusted gross profit to reported gross profit

(2) EBITDA, Adjusted EBITDA and Adjusted EPS are non-GAAP measures; see reconciliations in appendix

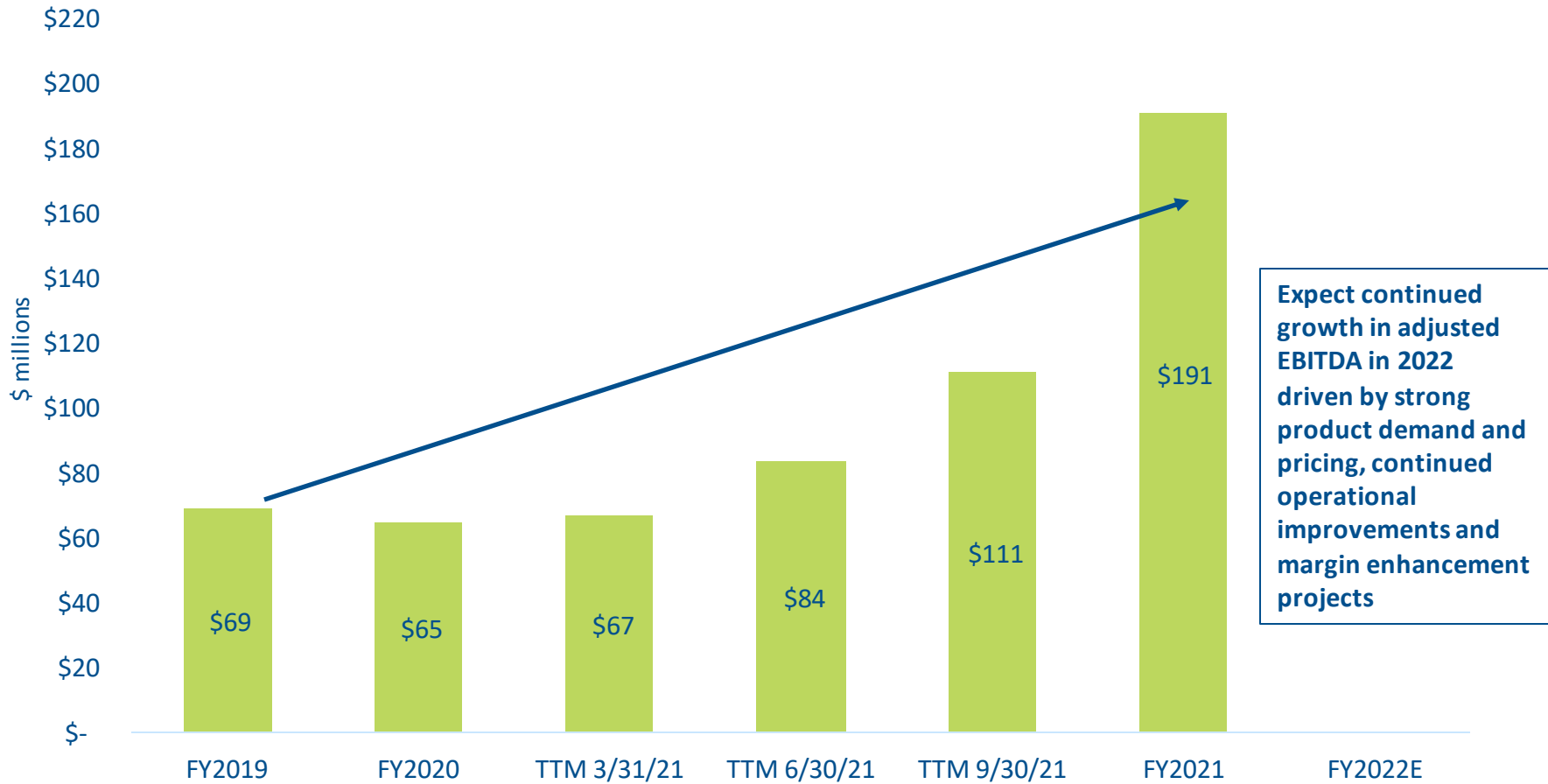
# Two-Year Rolling Average Annual Ammonia Production <sup>(1)</sup>



(1) 2 – Year rolling average annual ammonia production is the total tons produced of the stated year and preceding year.

# Strong Bottom Line Improvement

## Adjusted EBITDA<sup>(1)</sup>



(1) This is a non-GAAP measure; refer to the EBITDA Reconciliation TTM page within this presentation

# Current Capital Structure

## Senior Secured Notes

- \$700 million 6.25%
- Due October 2028
- No maintenance covenants

## Shares Outstanding

- ~89 million

## Working Capital Revolver

- \$65 million (Prime + 50 bps)
- Expires February 2024
- Springing maintenance covenants when borrowing exceeds 90% of availability; no trigger point has occurred

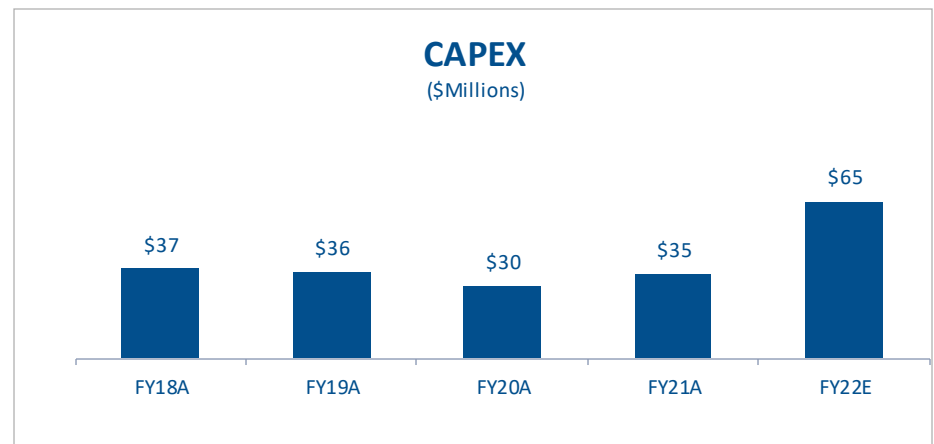
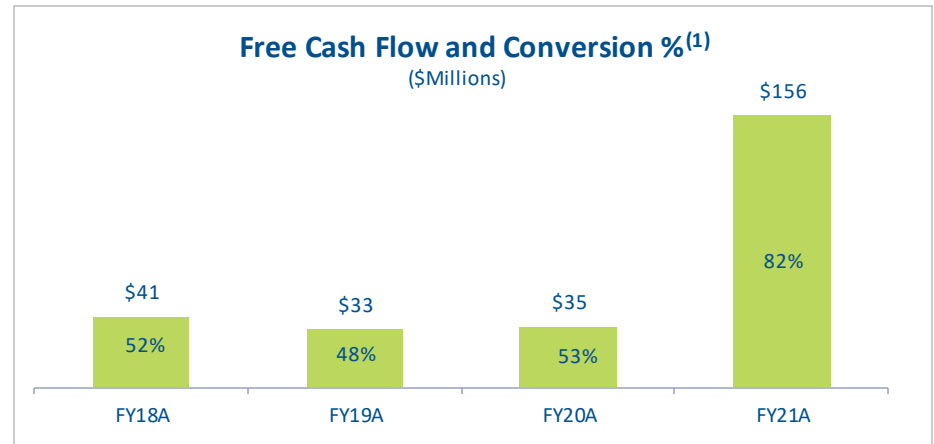
## Total Liquidity

- >\$400 million



# Expanding Free Cash Flow Supports Investment in Growth

- Financial flexibility bolstered by substantial Free Cash Flow generated in 2021, augmented by senior note refinancing in Q4'21 and tack-on senior note offering in Q1'22
- Expect further expansion of Free Cash Flow in 2022
- 2022 CAPEX comprised of:
  - \$50mm for reliability, EH&S and maintenance including turnarounds at El Dorado and Pryor facilities
  - \$15 million earmarked for margin enhancement initiatives





# **GROWTH STRATEGY**

# 2022 Growth Initiatives

- Advancing safety programs already underway and implementing new ones
- Investing capital to promote safe, reliable operations and expand production volume

## Becoming Best in Class Operator

## Optimizing Product Mix

- Full year sold-out position in nitric acid
- Investing \$10-\$15 million for margin enhancement projects to optimize storage and distribution
- Evaluate de-bottlenecking

- Evaluating Blue Ammonia projects to sequester CO<sub>2</sub>, with attractive economics
- Assessing Green Ammonia projects to produce ammonia using zero CO<sub>2</sub> feedstock and energy

## Advancing Low CO<sub>2</sub> and Clean Energy Strategy

## Pursuing Accretive Acquisitions

- Geographic expansion
- Extend existing product line
- Leverage existing ammonia capacity

## Focused M&A Strategy

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With our recapitalized balance sheet we have the flexibility to profitably increase our scale through accretive M&A activity

### Key Areas of Focus:

- Nitrogen chemical facilities similar to what we currently operate that can provide us with:
  - Geographic expansion
  - Product diversification
  - Leverage of our existing ammonia production capacity
- Companies that use ammonia or ammonia derivatives with some overlap to our existing business
- Blue and/or Green ammonia and/or hydrogen production capabilities

# Low Carbon Ammonia Represents Sizeable Opportunity

As an existing ammonia producer, LSB is well positioned to lever its assets and knowledge to capitalize on potential blue and green ammonia opportunities.

## Blue Ammonia

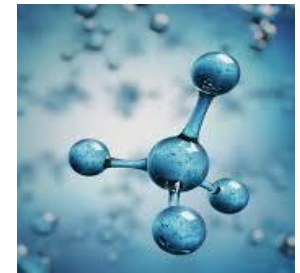
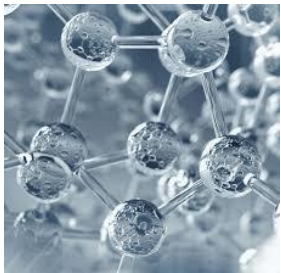
- CO<sub>2</sub> emissions from reforming or gasification processes used in conventional ammonia production are captured and permanently sequestered
- Creates opportunity to sell low carbon ammonia to existing agricultural, industrial and mining customers and future ammonia to fuel customers, at premium pricing

## Green Ammonia

- Produced using carbon free/renewable feedstock, specifically hydrogen from water electrolysis and nitrogen separated from the air, rather than using natural gas or coal, resulting in a zero CO<sub>2</sub> emission process
- Ammonia's potential as an energy carrier or direct fuel raises demand forecasts to multiple billion tons annually at premium pricing

## Current projected timeline for evaluation of projects at LSB facilities:

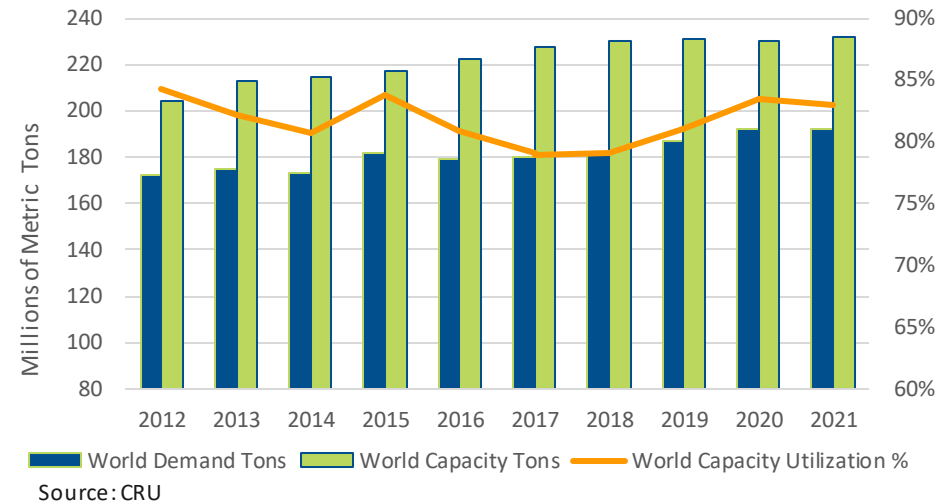
- Q1'22 – Kick-off feasibility studies
- Q2'22 – Complete feasibility studies
- Q2'22 – Project proposals presented to and approved by LSB Board of Directors
- Q2/Q3'22 – Commence projects



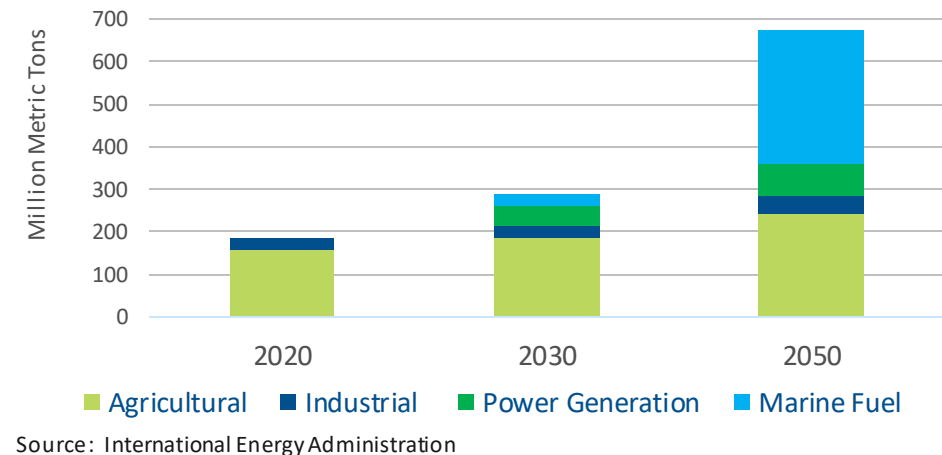
# Ammonia Production Capacity Stretched to Near Limit

- Global ammonia production capacity utilization, at 80% is at a near maximum level, and demand is expected to grow at an annual rate of ~2% for the next ten years driven by:
  - Increasing population
  - Feed for livestock to support growth in protein consumption in developing nations
  - Favorable farmer economics incentivizing farmers to invest in further yield growth
  - Rising U.S. ethanol production for gasoline usage tied to increasing miles driven
  
- Underinvestment in ammonia capacity in the face of growing demand is likely to increasingly constrain supply and lead to continued historically high prices
  
- The IEA anticipates the increasing usage of ammonia as a clean energy source, which would compete with traditional applications of ammonia for existing supply, placing further upward pressure on pricing

Global Ammonia Production Capacity and Demand



Global Ammonia Demand – Emission Reduction Scenario



# Contact Us

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# APPENDIX

# EBITDA Sensitivity Grid at \$5.00/mmbtu Gas

Assumes average of benchmark pricing and natural gas cost over a year

\$ in millions

## Significant Earnings Power at Optimal Operating Rates

		Assumes price averages for entire year					
		Average UAN Price/ST For A Year					
		\$ 500	\$ 450	\$ 400	\$ 350	\$ 300	\$ 250
Average Tampa Ammonia Price/MT For A Year	\$ 800	\$ 425	\$ 400	\$ 375	\$ 350	\$ 325	\$ 300
	\$ 750	\$ 405	\$ 380	\$ 355	\$ 330	\$ 305	\$ 280
	\$ 700	\$ 385	\$ 360	\$ 335	\$ 310	\$ 285	\$ 260
	\$ 650	\$ 365	\$ 340	\$ 315	\$ 290	\$ 265	\$ 240
	\$ 600	\$ 345	\$ 320	\$ 295	\$ 270	\$ 245	\$ 220
	\$ 550	\$ 325	\$ 300	\$ 275	\$ 250	\$ 225	\$ 200
	\$ 500	\$ 305	\$ 280	\$ 255	\$ 230	\$ 205	\$ 180

**Note:** The model above is only intended to illustrate the relationship between variables. It is not an estimate of operating results for any future period.

**Key factors in model above:**

- Assumes no turnaround at any facility and related impact from lost production/sales and expenses
- Average ammonia plant on-stream rate of 97%, 95% and 95% at El Dorado, Cherokee and Pryor, respectively (excluding turnaround)
- Every \$0.10 change in gas is approximately \$2.0-\$2.5 million (depending on product mix)

**Actual results may vary based on a number of factors, including many that are beyond the control of the Company. For illustration purpose only.**

# EBITDA Reconciliation

<b>LSB Consolidated (\$ In Thousands)</b>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>Net income (loss)</b>	<b>\$42,082</b>	<b>(\$21,692)</b>	<b>\$43,545</b>	<b>(\$61,911)</b>
Plus:				
Interest expense	11,760	12,606	49,378	51,115
Loss on extinguishment of debt	20,259	-	10,259	-
Depreciation and amortization	17,619	17,939	69,943	70,841
Provision (benefit) for income taxes	(4,369)	(1,741)	(4,556)	(4,749)
<b>EBITDA <sup>(1)</sup></b>	<b>\$87,351</b>	<b>\$7,112</b>	<b>\$168,569</b>	<b>\$55,296</b>
Stock-based compensation	1,187	134	5,516	1,761
Change of Control	-	-	3,223	-
Noncash loss (gain) on natural gas contracts	-	1,743	(1,205)	1,205
Legal fees (Leidos)	296	572	1,894	5,715
Loss (gain) on disposal of assets	133	312	823	921
Fair market value adjustment on preferred stock embedded derivatives	-	562	2,258	(55)
Consulting costs associated with reliability and purchasing initiatives	-	(20)	-	558
Turnaround costs	1,130	31	9,953	76
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$90,097</b>	<b>\$10,446</b>	<b>\$191,031</b>	<b>\$65,477</b>

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss 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 (or less benefit) for income taxes. 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. EBITDA has 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 may not be comparable to a similarly titled measure of other companies. The above table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) 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 adjustments, non-cash stock-based compensation, and consulting costs associated with our reliability and purchasing initiatives. We historically have performed Turnaround activities on an annual basis, however we are moving 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. As a result, we believe it is more meaningful for investors to exclude them from our calculation of adjusted EBITDA used to assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The above table provides reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash, non-recurring, non-operating items that are greater than \$0.5 million quarterly or cumulatively.

# EBITDA Reconciliation - TTM

<b>LSB Consolidated (\$ In Millions)</b>	TTM	TTM	TTM	Twelve Months Ended		
	Sep 30,	June 30,	Mar 31,	Dec 31,	Dec 31,	Dec 31,
	2021	2021	2021	2021	2020	2019
<b>Net income (loss)</b>	<b>\$ (20.2)</b>	<b>\$ (31.7)</b>	<b>\$ (55.7)</b>	<b>\$ 39.2</b>	<b>\$ (61.9)</b>	<b>\$ (63.4)</b>
Plus:						
Interest expense	50.2	49.8	50.0	49.4	51.1	46.4
Loss/(gain) on extinguishment of debt	(10.0)	(10.0)	-	10.3	-	-
Depreciation, depletion and amortization	70.2	70.0	70.0	69.9	70.8	69.6
Provision (benefit) for income taxes	(1.9)	(3.3)	(4.4)	(0.2)	(4.7)	(20.9)
<b>EBITDA (1)</b>	<b>\$ 88.3</b>	<b>\$ 74.8</b>	<b>\$ 59.9</b>	<b>\$ 168.6</b>	<b>\$ 55.3</b>	<b>\$ 31.7</b>
Stock-based compensation	4.5	2.4	2.0	5.5	1.8	2.2
Change of Control	3.2	-	-	3.2	-	-
Noncash loss (gain) on natural gas contracts	0.5	(0.1)	(0.5)	(1.2)	1.2	-
Severance costs	-	-	-	-	-	0.6
Legal Fees (Leidos)	2.2	2.8	3.3	1.9	5.7	9.6
Loss (gain) on disposal of assets and other	1.0	1.4	1.2	0.8	0.9	11.2
Fair market value adjustment on preferred stock embedded derivatives	2.8	1.9	1.0	2.3	(0.1)	(0.6)
Consulting costs associated with reliability and purchasing initiatives	(0.0)	0.0	(0.0)	-	0.6	1.4
Turnaround costs	8.9	0.9	0.2	10.0	0.1	13.2
<b>Adjusted EBITDA (2)</b>	<b>\$ 111.4</b>	<b>\$ 84.1</b>	<b>\$ 67.1</b>	<b>\$ 191.0</b>	<b>\$ 65.5</b>	<b>\$ 69.3</b>

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss 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 (or less benefit) for income taxes. 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. EBITDA has 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 may not be comparable to a similarly titled measure of other companies. The above table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) 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 adjustments, non-cash stock-based compensation, and consulting costs associated with our reliability and purchasing initiatives. We historically have performed Turnaround activities on an annual basis, however we are moving 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. As a result, we believe it is more meaningful for investors to exclude them from our calculation of adjusted EBITDA used to assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The above table provides reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash, non-recurring, non-operating items that are greater than \$0.5 million quarterly or cumulatively.

# Gross Profit Reconciliation

<b>LSB Consolidated (\$ In Thousands)</b>	Three Months Ended		Twelve Months Ended		
	December 31,		December 31,		
	2021	2020	2021	2020	2019
<b>Net sales</b>					
Agricultural	\$101,979	\$41,595	\$264,502	\$180,036	\$187,641
Industrial and Mining	88,249	47,308	291,737	171,280	177,429
<b>Total net sales</b>	<b>\$190,228</b>	<b>\$88,903</b>	<b>\$556,239</b>	<b>\$351,316</b>	<b>\$365,070</b>
			\$0.0		
<b>Gross Profit</b>			-		
Agricultural <sup>(1)</sup>	51,973	(1,402)	98,747	19,348	28,453
Industrial and Mining <sup>(1)</sup>	44,889	15,569	118,768	61,612	58,005
<b>Adjusted gross profit <sup>(1)</sup></b>	<b>\$96,862</b>	<b>\$14,167</b>	<b>217,515</b>	<b>80,960</b>	<b>86,458</b>
Depreciation and amortization <sup>(2)</sup>	(17,268)	(17,601)	(68,583)	(69,500)	(68,263)
Turnaround expense	(1,130)	(31)	(9,953)	(76)	(13,210)
Settlements	-	-	-	5,664	-
<b>Gross profit</b>	<b>\$78,464</b>	<b>(\$3,465)</b>	<b>\$138,979</b>	<b>\$17,048</b>	<b>\$4,985</b>
Adjusted gross profit margin <sup>(3)</sup>	51%	16%	39%	23%	24%
Gross profit margin <sup>(3)</sup>	41%	-4%	25%	5%	1%

(1) Represents a non-GAAP measure since the amount excludes depreciation, amortization, vendor settlements, and turnaround expenses.

(2) Represents amount classified as cost of sales.

(3) As a percentage of the respective net sales.

# EPS Reconciliation

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>LSB Consolidated (\$ In Thousands) except per share amounts</b>				
<b>Net income (loss attributable to common stockholders)</b>	\$ 42,009	\$ (31,573)	\$ (220,002)	\$ (99,419)
Adjustments for Exchange Transaction:				
Dividend requirement on Series E Redeemable Preferred	-	9,297	29,914	35,182
Deemed dividend on Series E and Series F Redeemable Preferred	-	-	231,812	-
Accretion of Series E Redeemable Preferred	-	509	1,523	2,026
<b>Adjusted net income (loss) attributable to common stockholders, excluding Exchange Transaction</b>	\$ 42,009	\$ (21,767)	\$ 43,247	\$ (62,211)
Other adjustments	23,005	3,334	32,721	10,181
<b>Adjusted net income (loss) <sup>(1)</sup></b>	\$ 65,014	\$ (18,433)	\$ 75,968	\$ (52,030)
<b>Denominator:</b>				
Adjusted weighted-average shares for basic net income (loss) per share and for adjusted net income (loss) per share, excluding Exchange Transaction <sup>(2)</sup>	86,507	36,685	49,963	36,664
Adjustment:				
Unweighted shares, including unvested restricted stock subject to forfeiture	3,286	1,166	39,830	1,187
<b>Outstanding Shares, net of treasury, at period end for adjusted net income (loss) per share, excluding Exchange Transaction and other adjustments</b>	<b>89,793</b>	<b>37,851</b>	<b>89,793</b>	<b>37,851</b>
<b>Basic net income (loss) per common share</b>	\$ 0.49	\$ (0.86)	\$ (4.40)	\$ (2.71)
<b>Adjusted net income (loss) per common share, excluding Exchange Transaction</b>	\$ 0.49	\$ (0.59)	\$ 0.87	\$ (1.70)
<b>Adjusted net income (loss) per common share, excluding Exchange Transaction and other adjustments</b>	\$ 0.72	\$ (0.49)	\$ 0.85	\$ (1.37)

(1) Adjusted net income excludes stock-based compensation, gain/(losses) on natural gas contracts, certain legal fees, loss on disposal of assets, FMV adjustments on preferred stock embedded derivatives, consulting costs associated with reliability & purchasing initiatives, turnaround costs, loss on extinguishment of debts, and costs associated with change of control

(2) Excludes the weighted-average shares of unvested restricted stock that are subject to forfeiture