



INVESTOR PRESENTATION

May 2023

Forward-looking statements

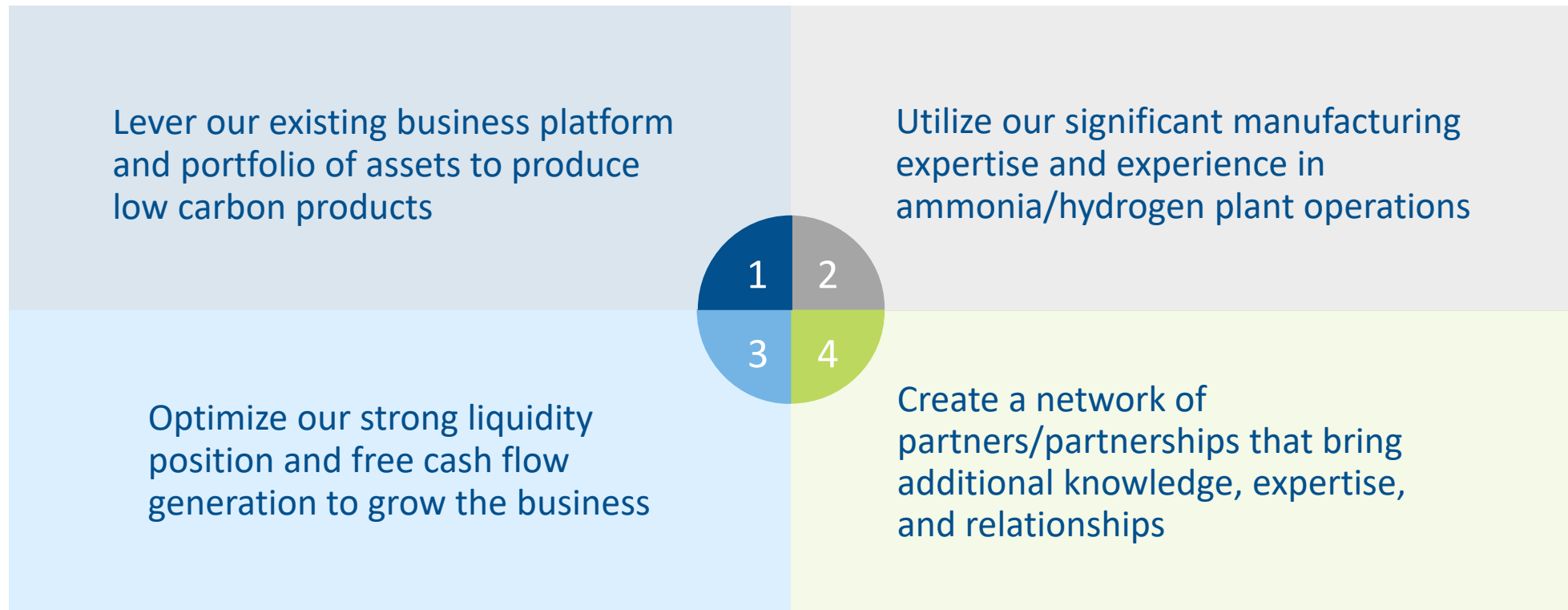
- Statements in this presentation that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include 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.



Who We Are

Company vision

To be a leader in the energy transition in the chemical industry through the production of low and no carbon products that build, feed and power the world



Experienced Management Team Driving Growth



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 30 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 fertilizer and industrial feedstock sectors.



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).



What We Do

Manufacturing plant production overview

El Dorado, AR

- Ammonia capacity¹: 470,000 tons
- LSB employees: 210
- Property size: 1400 acres
- Direct access to NuStar Ammonia Pipeline

Cherokee, AL

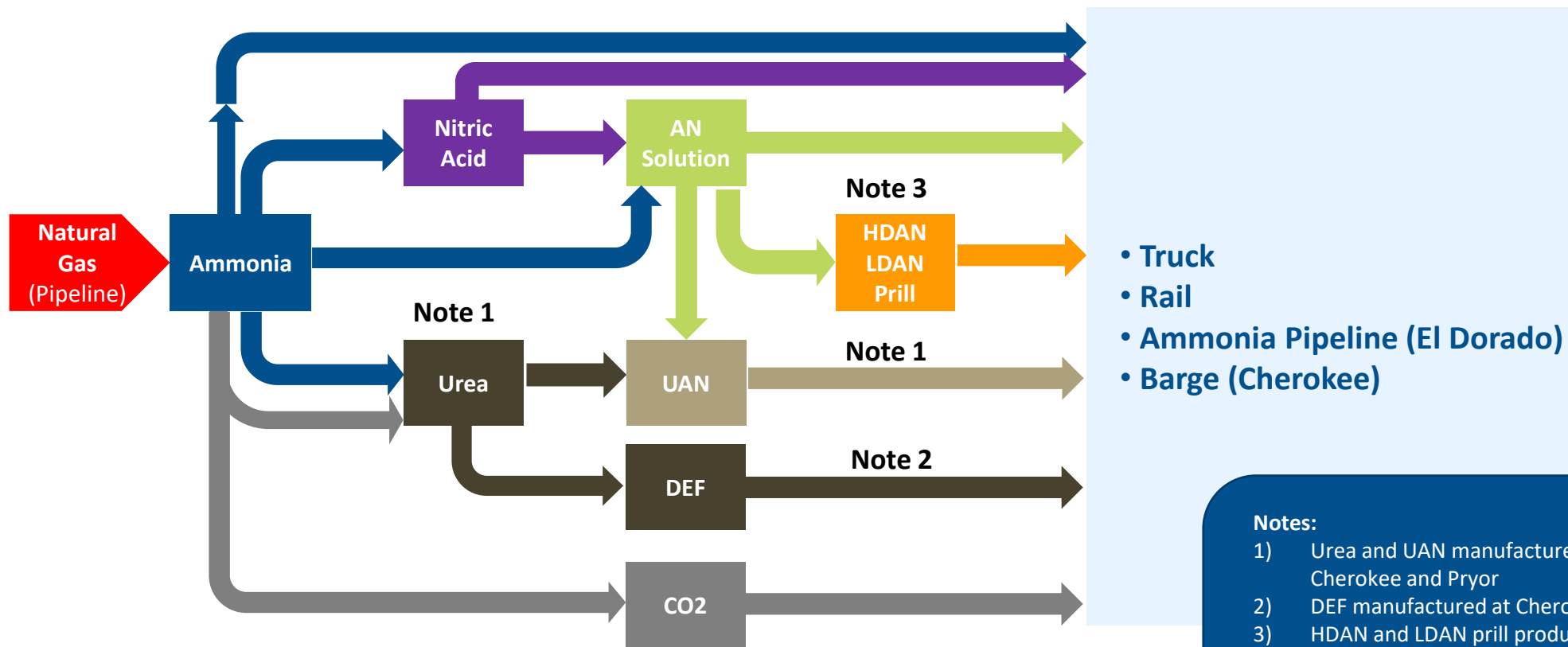
- Ammonia capacity¹: 180,000 tons
- LSB employees: 130
- Property size: 1300 acres
- Access to the Gulf via Tennessee River

Pryor, OK

- Ammonia capacity¹: 235,000 tons
- LSB employees: 125
- Property size: 104 acres
- Located in Mid America Industrial Park



The core manufacturing process



Strategically located assets with regional competitive advantages

KEY COMPETITIVE ADVANTAGES

- Leveraged to globally competitive, low-cost US natural gas
- Multiple options to add new, or increase existing, plant production capacities
- Strategic proximity to key end user markets
- Integrated production and logistics network to drive security of supply

Pryor, OK

- Ammonia production capacity of 675 tons per day
- UAN production
- UAN expansion pathway
- Strategically located to supply the Southern Plains with direct rail access to Corn Belt

Baytown, TX

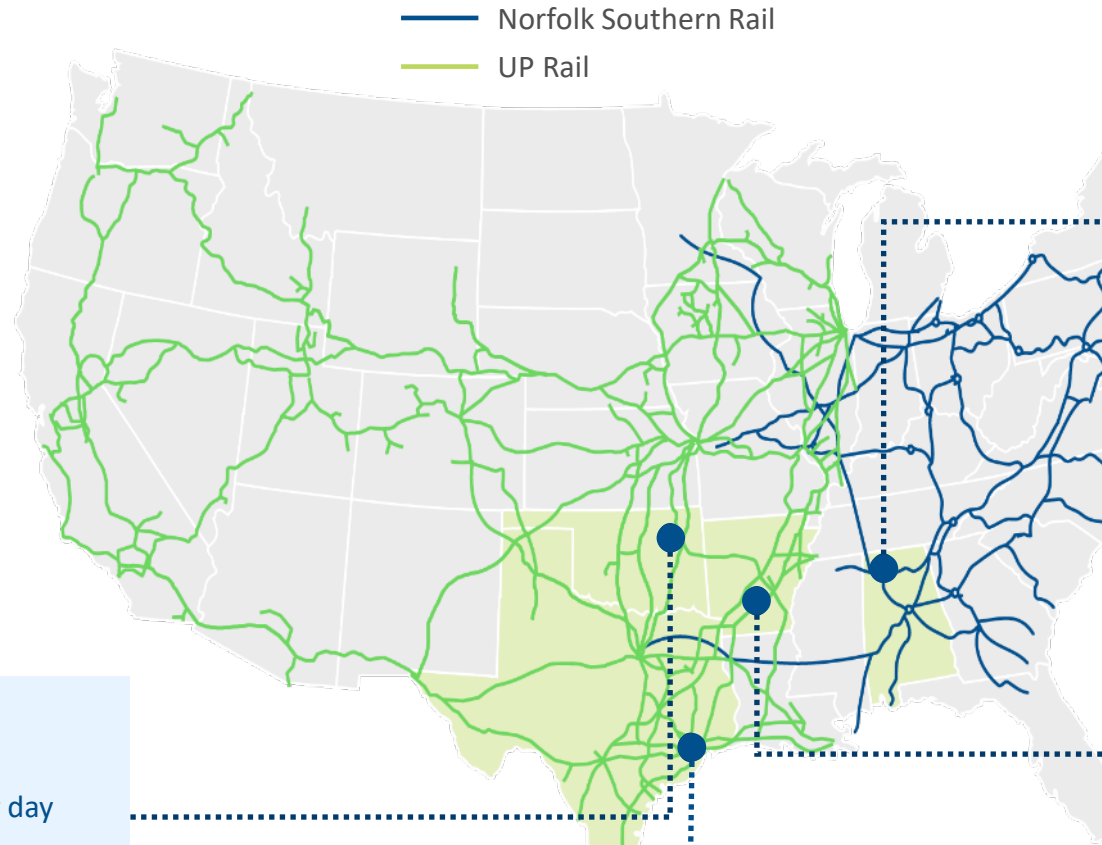
- Nitric acid production
- Co-located with Covestro under long-term operating agreement

Cherokee, AL






- Ammonia production capacity of 515 tons per day
- UAN, AN, nitric acid and DEF production
- UAN expansion pathway
- Strategically located to supply Eastern Corn Belt fertilizer markets

El Dorado, AR

- Ammonia production capacity of 1,350 tons per day
- Nitric acid, ammonium nitrate (AN), mixed acids, sulfuric acid production
- Multiple options to add new or increase existing plant production capacities
- Strategically located to supply AN fertilizer and explosives markets
- Access to NuStar ammonia pipeline
- Uniquely placed to sequester carbon emissions and produce low carbon products



Diversified nitrogen chemicals business with differentiated end market positions

	Key products	End markets	Application
Agricultural	<ul style="list-style-type: none"> Urea ammonium nitrate solutions (UAN) 	<ul style="list-style-type: none"> Liquid fertilizer for corn and other crops 	<div>Fertilizer</div> 
	<ul style="list-style-type: none"> Ammonium nitrate (AN) 	<ul style="list-style-type: none"> High-efficacy fertilizer for corn, other crops, and pastures and key nitrogen components in nitrogen, phosphorus, and potassium (NPK) fertilizer blends 	
	<ul style="list-style-type: none"> Ammonia 	<ul style="list-style-type: none"> High nitrogen content fertilizer primarily used for corn 	
Industrial	<ul style="list-style-type: none"> Ammonia 	<ul style="list-style-type: none"> Chemical feedstock, emissions abatement, water treatments, refrigerants 	<div>Automotive</div>  <div>Home Building</div> 
	<ul style="list-style-type: none"> Nitric Acid 	<ul style="list-style-type: none"> Semiconductor, nylon and polyurethane intermediates, ammonium nitrate, metals processing 	
	<ul style="list-style-type: none"> Sulfuric Acid 	<ul style="list-style-type: none"> Pulp and paper, aluminum, water treatment, metals (lithium), and vanadium processing 	<div>Chemical Manufacturing</div> 
	<ul style="list-style-type: none"> Diesel exhaust fuel 	<ul style="list-style-type: none"> NO_x abatement for diesel vehicles 	
	<ul style="list-style-type: none"> CO₂ 	<ul style="list-style-type: none"> Food refrigeration, dry ice, enhanced oil recovery 	
Mining	<ul style="list-style-type: none"> Ammonium nitrate 	<ul style="list-style-type: none"> Explosives for mining, quarries, and other blasting activities 	<div>Mining</div> 

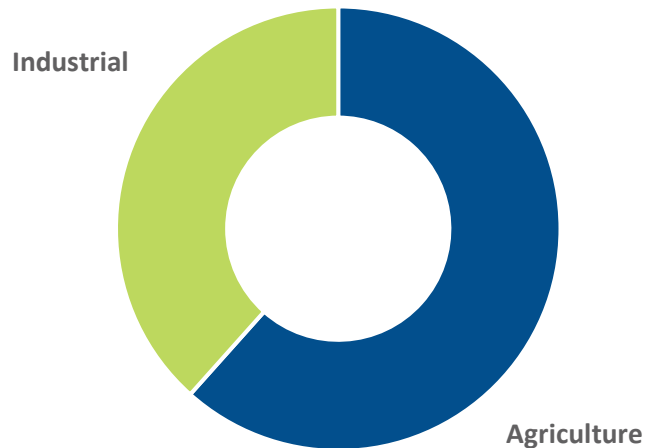
Diversified nitrogen chemicals business with differentiated end market positions

Broad diversification provides offtake stability and ratatability

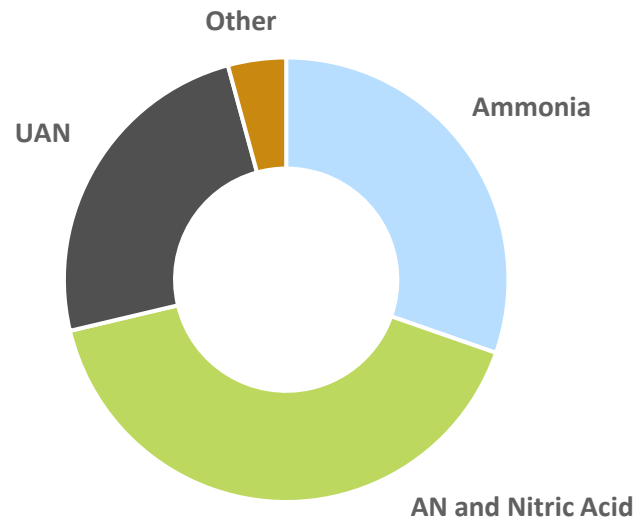
Operational and market flexibility to optimize mix and maximize earnings

Sales balance of spot and contract

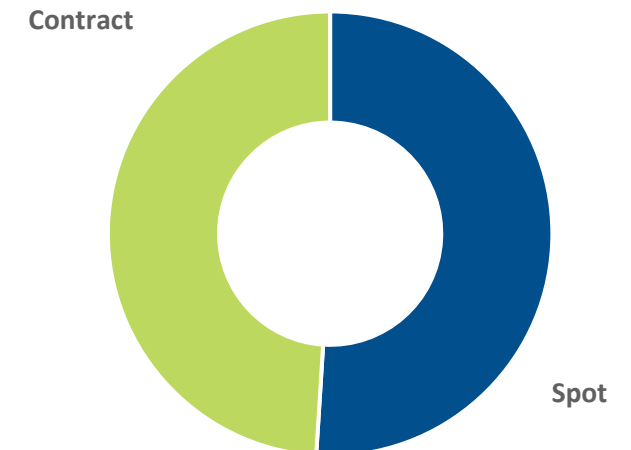
Revenue by market - 2022



Revenue by Product - 2022



Volume by sales method - 2022



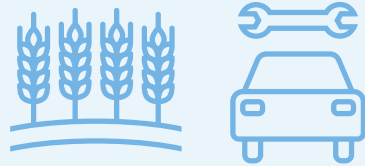
Focused strategy driving commercial discipline and shareholder returns

**Ensure sold out production
with optimized mix**



Meet customer needs
with quality products,
security of supply and
superior customer service

Maximize returns



Direct to fertilizer and
industrial markets

Drive customer satisfaction



Relentless focus on
markets and optimal
commercial outcomes



Grow by expanding
production and developing
new products and markets

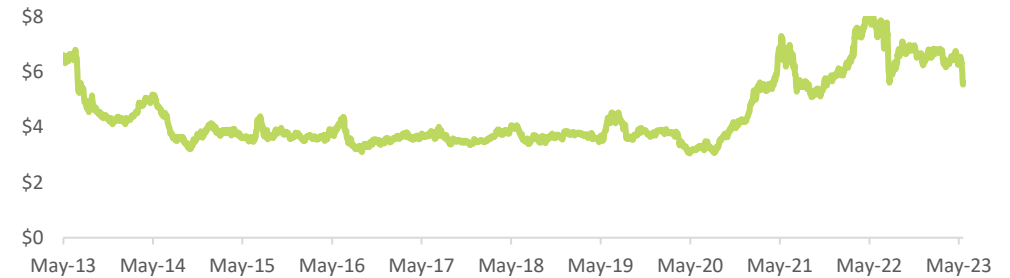


Market Dynamics

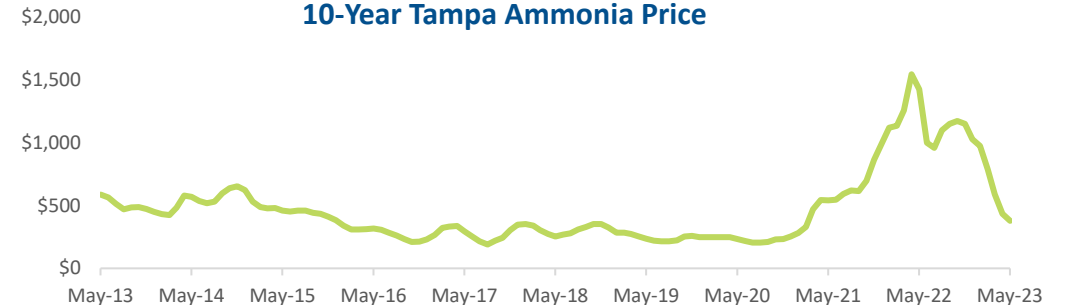
Market overview ⁽¹⁾

- **U.S. corn price remains above 10-year average level**
 - Supply expected to increase on strong 2023 planting season
 - 2023 demand expected to rise on greater food, seed and industrial usage along with greater ethanol and export demand
- **Nitrogen prices are firming up and are expected to find support at or above current levels in 2H'23**
 - Ammonia inventories are high globally, but are gradually being worked down
 - North American planting season peaking with healthy fertilizer demand setting the stage for higher prices later in the year
- Demand remains steady for Industrial products with global producers shifting production from international facilities to U.S. operations due to lower U.S. input costs
- Solid demand for Mining products due to attractive market fundamentals for quarrying and aggregate production and U.S. metals demand

10-Year Corn Price



10-Year Tampa Ammonia Price



Spot Prices	May 19, 2023	May 19, 2022
Tampa Ammonia	\$380 / MT	\$1,425 / MT
UAN (NOLA)	\$265 / ST	\$625 / ST
Natural Gas (NYMEX Spot Price)	\$2.59/MMBtu	\$8.31/MMBtu

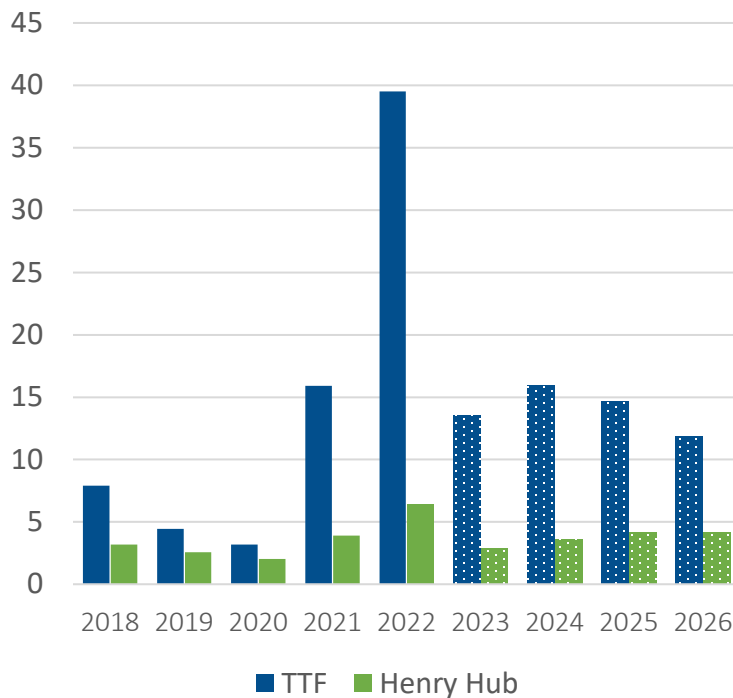
(1) Sources: USDA, Green Markets® A Bloomberg Company , Macrotrends.net, Federal Reserve Economic Data, and Gelber & Associates

Structural changes in nitrogen markets with strong commodity fundamentals

US natural gas drives cost competitiveness

Natural Gas Costs

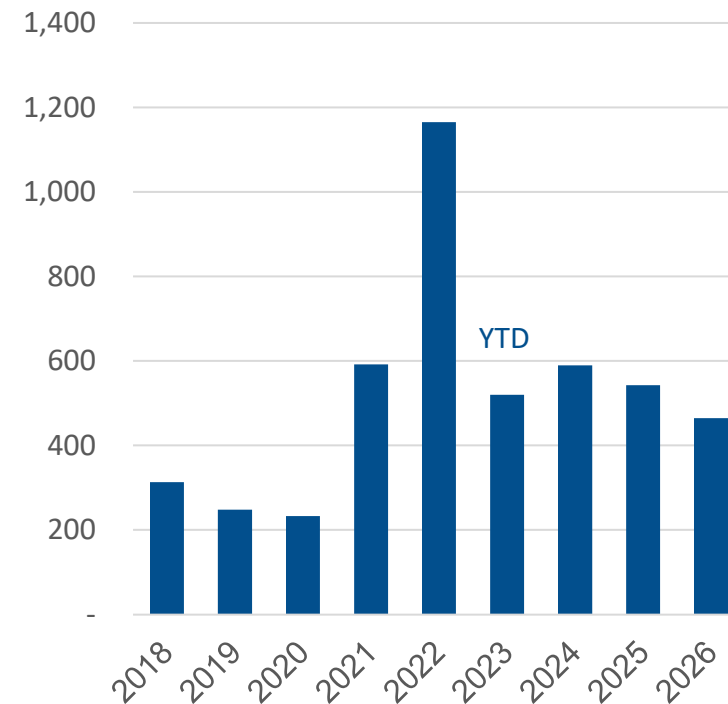
US\$/MMBtu



European production costs set to underpin ammonia prices

Ammonia Prices

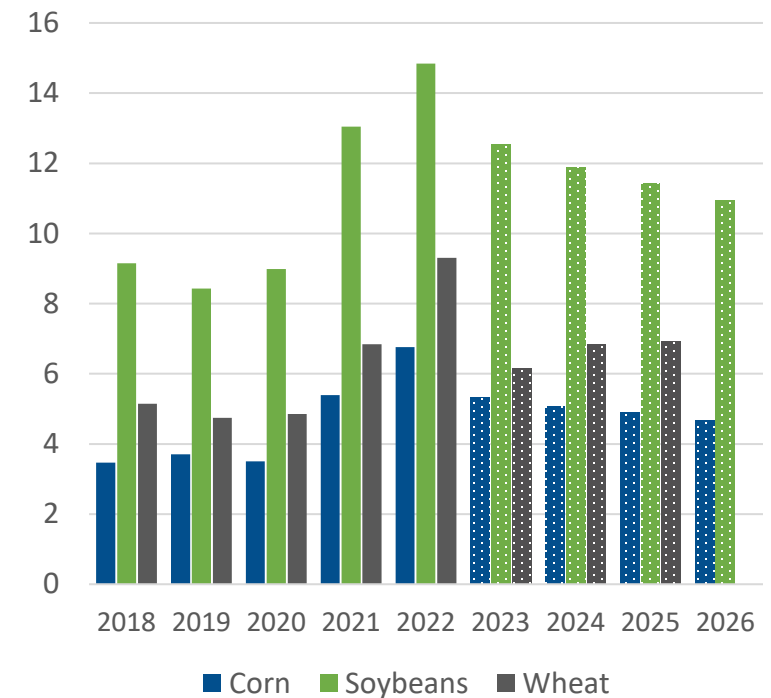
US\$/MT CFR Tampa



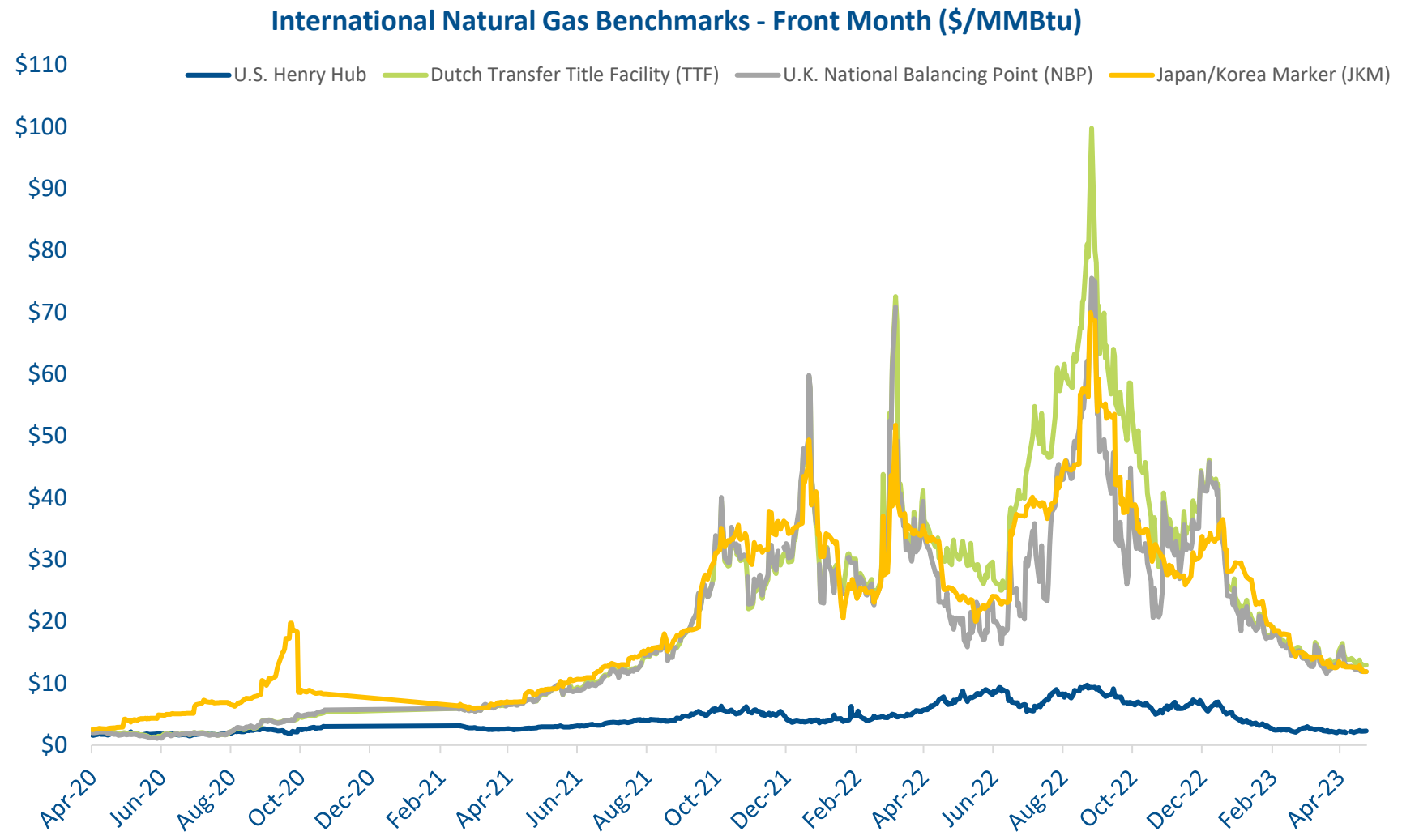
Historically low end-stocks driving grain prices and farm economics

Grain Prices

US\$/bu



Global energy price spreads ⁽¹⁾



(1) Source: Gelber & Associates

Resilient industrial and mining markets competing for limited molecules

Strong domestic mining fundamentals



COPPER

Electrification, decarbonization, government investments



IRON ORE

Strong export markets, domestic infrastructure investments, decarbonization



AGGREGATES

Infrastructure investments, partially offset with slower new housing starts



GOLD

Strong pricing and low-cost regional mines



COAL

Long term thermal coal decline currently offset by European energy crisis



METALLURGICAL COAL

Robust domestic steel demand supported by government investments

Robust industrial market supported by low energy cost advantage

- +/- Industrial materials demand broadly correlated to GDP
- + China growth supportive of global demand
- + Slower GDP growth offset by supportive export economics (where applicable) due to globally low energy cost
- + Resurgence in local manufacturing supported by Government investments
- + Limited domestic supply capacity growth

Competing demand on nitrogen between Industrial, Mining, and Ag

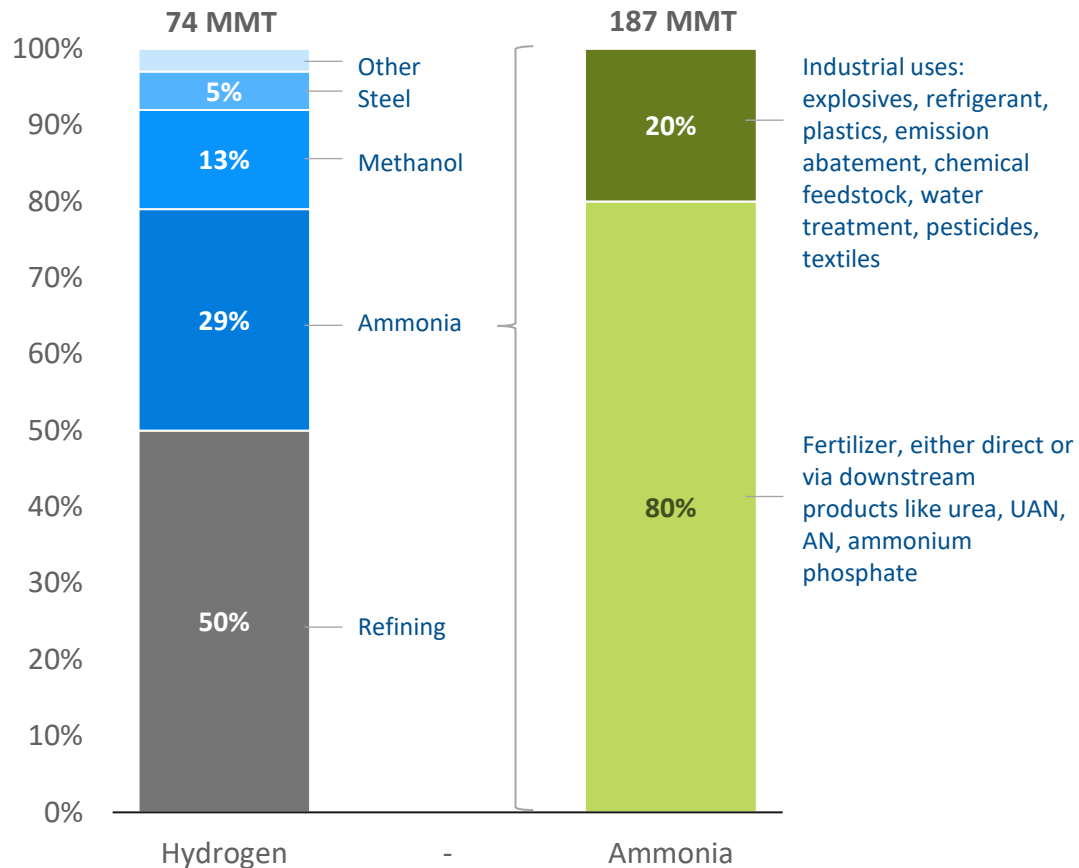


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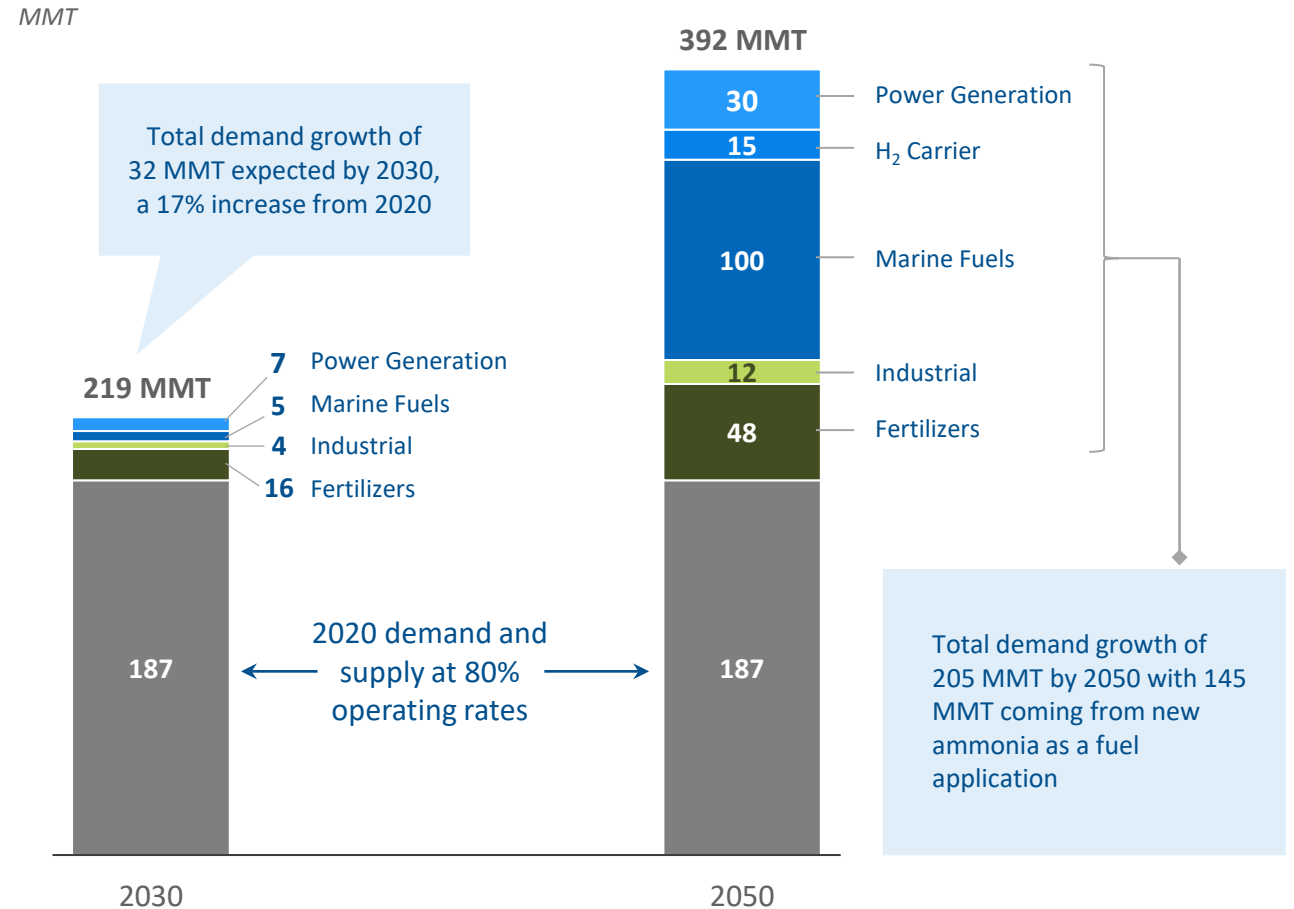
Clean Energy Growth Opportunity

New ammonia demand expected to add 12 MMT by 2030, driven by new uses like power generation and marine fuels

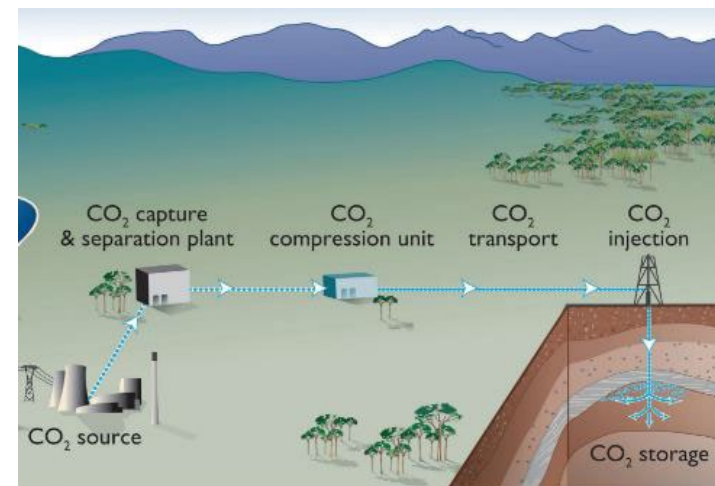
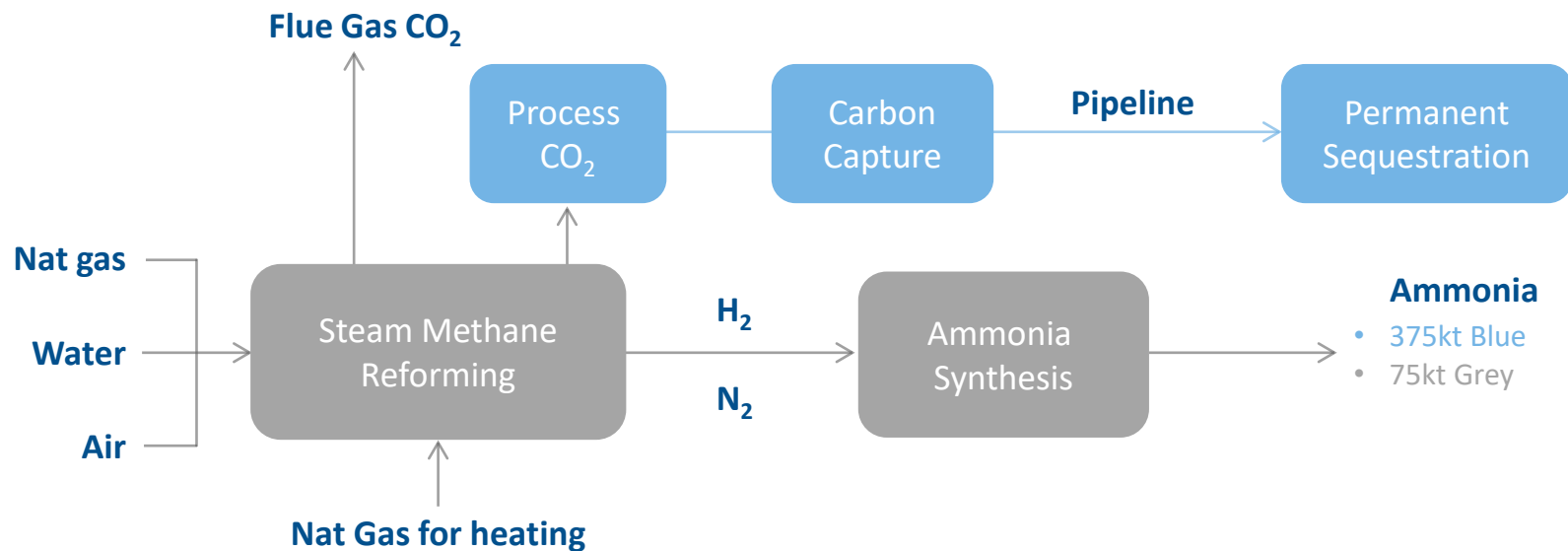
2020 annual consumption of hydrogen and ammonia



Global ammonia demand forecast

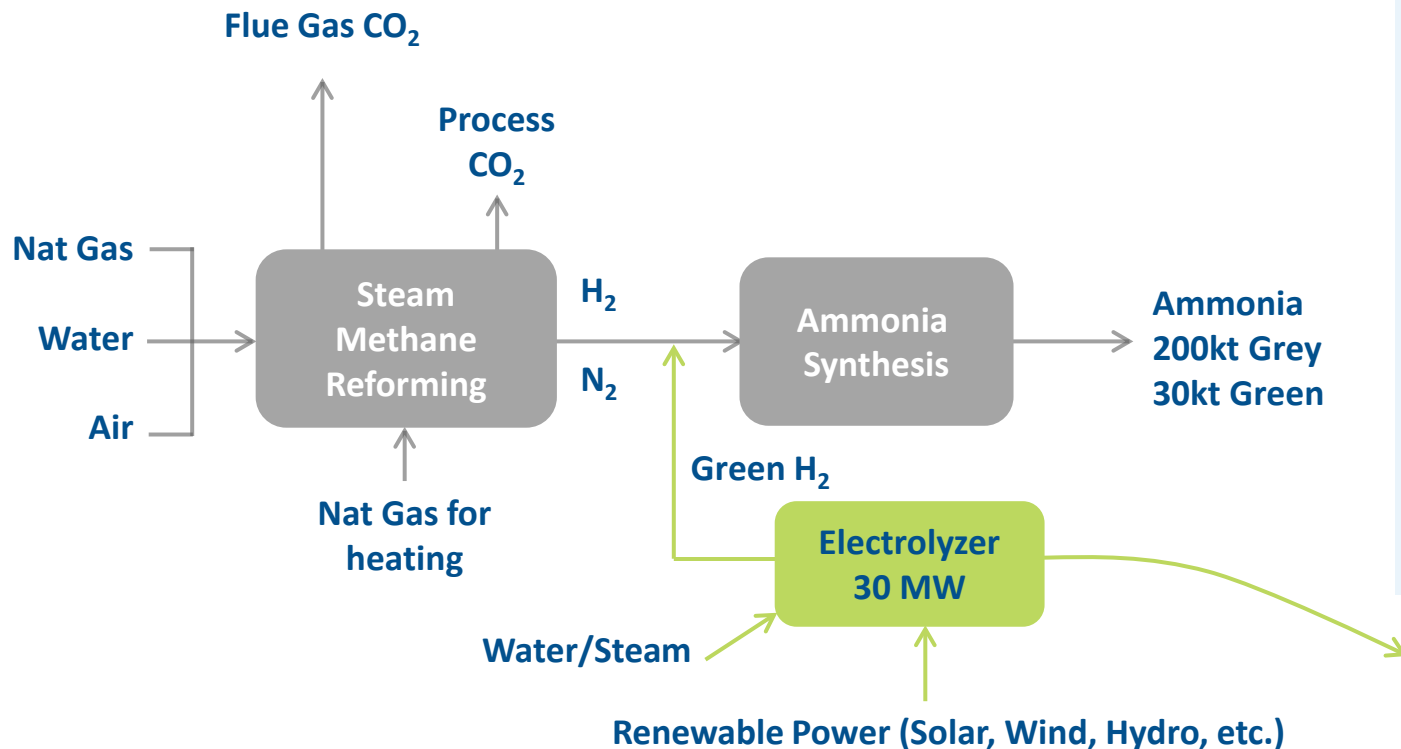


Producing low carbon ammonia at El Dorado, AR



- Agreement with Lapis Energy to develop the CO₂ capture and sequestration (CCS) project
- Project operations expected to begin by mid-2025, subject to EPA permitting
- 375k metric tons of blue ammonia per year (assuming 100% of process CO₂ per ton of ammonia is captured and sequestered)
- Permanently sequestering > 450k metric tons of CO₂ in saline formations directly under the facility. The sequestered CO₂ will reduce the company's scope 1 GHG emissions by ~25% from current levels.

Zero carbon ammonia project at Pryor, OK



- May 2022 agreements with Bloom Energy and thyssenkrupp Uhde to develop a project to produce zero-carbon or “green” ammonia at Pryor facility
- Continuing to work with several Engineering, Procurement and Construction firms for additional designs and cost estimates
- Expected production of ~30,000 MT of green ammonia per year with reduction in Pryor’s process CO₂ emissions by ~36,000 MT per year
- The green hydrogen produced from the electrolyzers is expected to qualify for \$3 per kilogram in federal incentives under IRS Code section 45V tax credits
- Will utilize renewable power from solar, wind and/or hydro facilities in Oklahoma and Kansas
- Project timeline and startup highly dependent on electrolyzer technology

- **Bloom Energy – 10MW Solid Oxide Electrolyzer**
- **Alkaline Electrolyzer**
- **PEM Electrolyzer**



Financial Overview

Well positioned for growth after record 2022

	FY'22	FY'21
Net Sales	\$902 M	\$556 M
Adjusted EBITDA ¹	\$415 M	\$191 M
Adjusted EBITDA Margin ¹	46%	34%
Adjusted EPS ¹	\$3.09	\$0.85

- Net sales up 62% year over year driven by higher selling prices and continued strong plant operations, partially offset by two turnarounds in 2022 versus one turnaround in 2021
- Record Adjusted EBITDA of \$415 million - an increase of 117% year over year
- Adjusted EBITDA Margin of 46% compared to 34% reflects operating leverage inherent in business
- Liquidity position improved through consistent operating cash flow and strategic capital markets transactions

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

Solid balance sheet and cash flow

	<u>3/31/23</u>	<u>3/31/22</u>
Cash & ST Inv.	\$426 M	\$344 M
Net Debt ¹ / TTM Adj. EBITDA	0.78X	1.36X
Op. Cash Flow	\$59 M	\$85 M
CAPEX	\$18 M	\$8 M
Free Cash Flow Conversion ²	80%	76%

- Year-over-year increase of \$82 million in cash and short-term investments
- Net debt/TTM Adjusted EBITDA of <1X; well below 2.5X target level
- Continued strong free cash flow conversion
- Implemented \$150 million share repurchase program in May 2023

(1) Net debt calculated as total long-term debt including current minus cash and cash equivalents and short-term investments

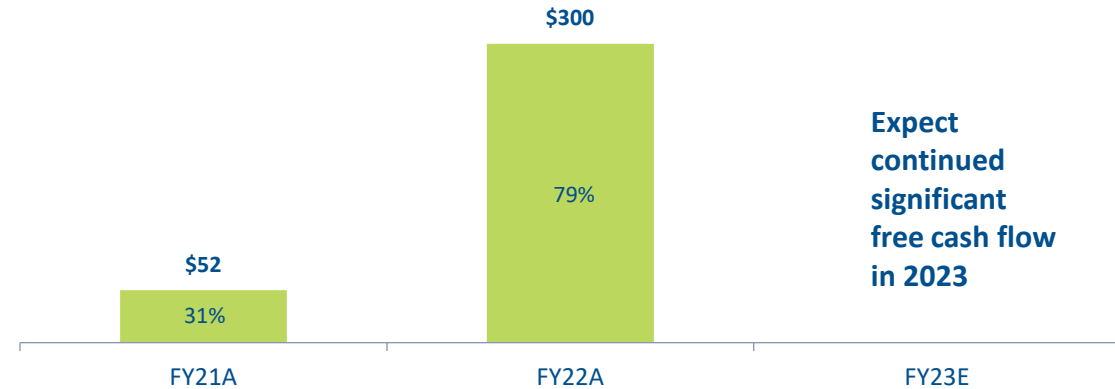
(2) Free Cash Flow Conversion calculated as (Operating Cash Flow – Capital Expenditures) / Adjusted EBITDA

Expanding free cash flow supports investment in growth

- Financial flexibility bolstered by substantial Free Cash Flow generated in 2022
- Additional significant free cash flow generation expected in 2023
- Significant Net Operating Loss (NOL) carryforwards expected to minimize cash taxes for next ~two years
- CAPEX of \$60-\$80 million expected in 2023 related to investments in plant reliability, EH&S and maintenance

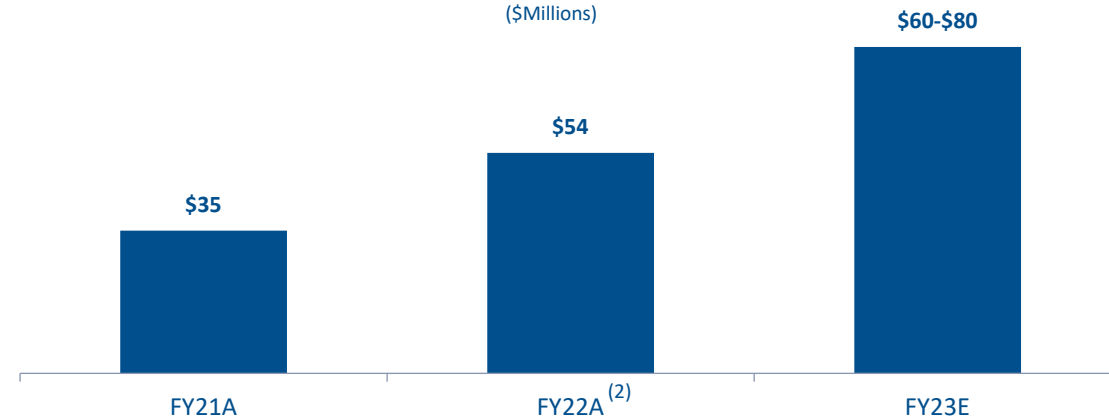
Free Cash Flow and FCF Conversion %⁽¹⁾

(\$Millions)



CAPEX

(\$Millions)



(1) Free Cash Flow is defined as Cash Flow from Operations – CapEx. Free Cash Flow Conversion calculated as (Operating Cash Flow – Capital Expenditures) / EBITDA

(2) Represents total capex incurred during 2022 of which \$46 million was paid during the period



Multi-Year Growth Strategy

Key growth initiatives

Achieving a culture of excellence

- Advancing our safety and environmental initiatives
- Investing capital to promote safe, reliable operations and expand production volume

Pursue organic growth

- Capacity expansion through debottlenecking of existing plants and additional upgrading plants
- Margin enhancement opportunities
- New products

Advancing low CO₂ & clean energy strategy

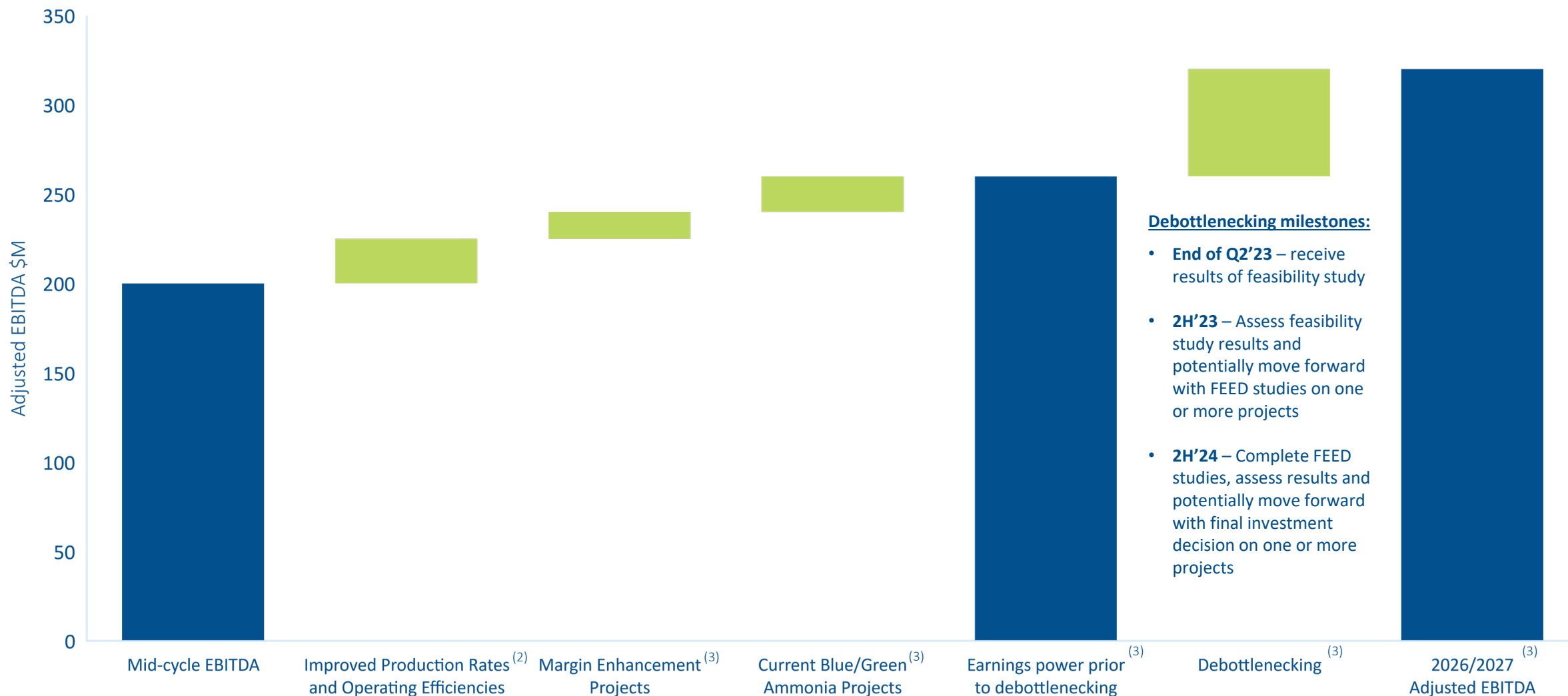
- Blue Ammonia project to sequester CO₂
- Green Ammonia project to produce ammonia using zero CO₂ feedstock and energy
- Other opportunities

Pursue accretive acquisitions

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



Beyond 2023 – Potential earnings power in a mid-cycle⁽¹⁾ pricing environment



(1) Mid-cycle pricing assumptions are as follows: ~\$500/ton for Tampa ammonia, ~\$260/ton for NOLA UAN, \$4/mmBtu for natural gas

(2) Reflects average expected Adjusted EBITDA over a three-year turnaround cycle

(3) All improvements are based on expected project returns – projects being evaluated are as follows: a) El Dorado ammonia debottlenecking, b) El Dorado nitric acid debottlenecking, and c) El Dorado urea/UAN addition



Appendix

Adjusted EBITDA Reconciliation

LSB Consolidated (\$ In Millions)	Twelve Months Ended December 31,	
	2022	2021
Net income	\$230	\$44
Plus:		
Interest expense, net	42	49
Net loss on extinguishment of debt	-	10
Depreciation and amortization	68	70
Provision (benefit) for income taxes	39	(5)
EBITDA ⁽¹⁾	\$379	\$168
Stock-based compensation	4	6
Change of Control	-	3
Noncash (gain) on natural gas contracts	-	(1)
Legal fees (Leidos)	1	2
Loss on disposal of assets	2	1
Fair market value adjustment on preferred stock embedded derivatives	-	2
Turnaround costs	29	10
Adjusted EBITDA ⁽²⁾	\$415	\$191
Adjusted EBITDA Margin	46%	34%

(1) EBITDA is defined as net income (loss) plus interest expense net, plus 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 (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, non-cash stock-based compensation, loss (gain) on sale of a business and other property and equipment, one-time income or fees, and certain fair market value adjustments. 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.

Adjusted EPS Reconciliation

	Twelve Months Ended December 31,	
	2022	2021
Numerator:		
Net income (loss) attributable to common stockholders	\$ 230,347	\$ (220,002)
Adjustments for Exchange Transaction:		
Dividend requirements on Series E Redeemable Preferred	-	29,914
Deemed dividend on Series E and Series F Redeemable Preferred	-	231,812
Accretion of Series E Redeemable Preferred	-	1,523
Adjusted net income attributable to common stockholders, excluding Exchange Transaction	230,347	43,247
Other Adjustments:		
Stock-based compensation	4,025	5,516
Change of control	-	3,223
Noncash gain on natural gas contracts	-	(1,205)
Legal fees (Leidos)	1,114	1,894
Loss on disposal of assets	1,219	823
FMV adjustment on preferred stock embedded derivative	-	2,258
Turnaround costs	29,235	9,953
Net loss on extinguishment of debt	113	10,259
Adjusted net income attributable to common stockholders, excluding Exchange Transaction and other adjustments	\$ 266,053	\$ 75,968
Denominator:		
Adjusted weighted-average shares for basic net income per share and for adjusted net income per share, excluding Exchange Transaction ⁽¹⁾	84,753	49,963
Adjustment:		
Unweighted shares, including unvested restricted stock subject to forfeiture	1,250	39,830
Outstanding shares, net of treasury, at period end for adjusted net income per share, excluding Exchange Transaction and other adjustments	86,003	89,793
Basic net income (loss) per common share	\$ 2.72	\$ (4.40)
Adjusted net income per common share, excluding Exchange Transaction	\$ 2.72	\$ 0.87
Adjusted net income per common share, excluding Exchange Transaction and other adjustments	\$ 3.09	\$ 0.85
Adjusted Net Income and Adjusted EPS ⁽¹⁾		
Adjusted net income attributable to common stockholders, excluding Exchange Transaction	\$ 230,347	\$ 43,247
Other adjustments	35,706	32,721
Adjusted net income	\$ 266,053	\$ 75,968
Adjusted net income per common share, excluding Exchange Transaction and other adjustments	\$ 3.09	\$ 0.85

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