Q2 2022 Earnings Presentation

July 28, 2022

LSB INDUSTRIES

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.

Q2’22 Overview – Record Performance with Strong Outlook

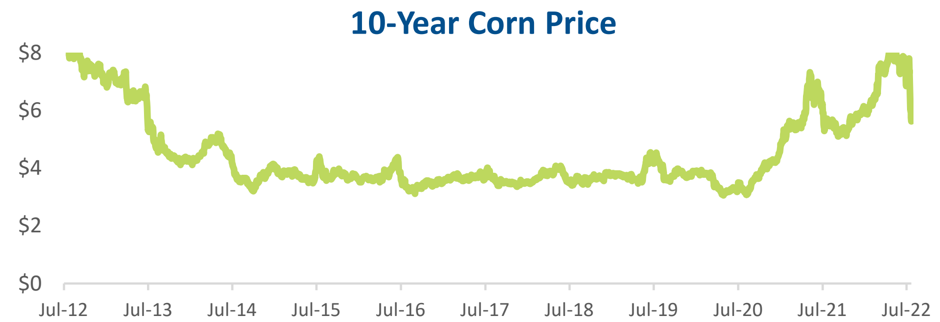
	Q2’22	Q2’21
Net Sales	$284.8 M	$140.7 M
Adjusted EBITDA[1]	$158.1 M	$46.0 M
Adjusted EBITDA Margin[1]	55.5%	32.7%
Adjusted EPS[1]	$1.22	$0.67
Net Debt[2]/ TTM EBITDA	0.7X	8.9X

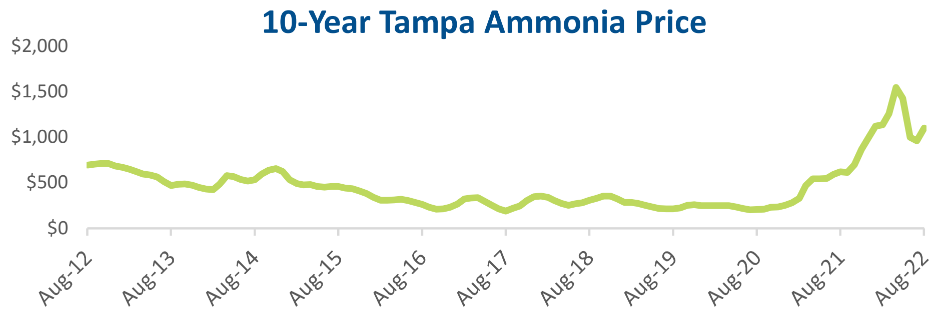
- Net sales up 102% year over year driven by higher selling prices and continued strong plant operations
- Record Q2 Adjusted EBITDA of $158.1 M - an increase of 244% year over year
- Adjusted EBITDA Margin of 55.5% compared to 32.7% in the second quarter of 2021
- Total liquidity at 6/30/22 of over $500M
- Net debt/6-30-22 TTM Adjusted EBITDA of <1X
- Repurchased ~$13 million of stock at an average price of ~$17.90 per share under $50 million buyback
- Following Turnarounds at Pryor and El Dorado in Q3’22, expect strong performance to continue in Q4’22 and into 2023
- Added to Russell 3000 and Russell 2000 Indexes in late June

(1) Adjusted EBITDA and Adjusted EPS are non-GAAP measures; see reconciliations in appendix
(2) Net debt calculated as total long-term debt including current portion plus preferred stock minus cash and cash equivalents and short-term investments

Market Overview (1)

- Corn price remains well above 10-year average level
  - Strong demand for ethanol in U.S. and for animal feed in China
  - Drought conditions in South America and the Western U.S.
  - Wet weather in U.S. corn belt delayed planting season
  - US stock-to-usage of <10% well below 10-year average
- Nitrogen pricing is down from Q1'22, but still historically high; should remain elevated through balance of 2022 and 2023
  - High European natural gas prices caused reduced nitrogen production, reducing global supply
  - Tampa ammonia settled at $1,100/mt for August, down from recent highs but well above 10-year average
  - NOLA UAN benchmark pricing $400/ton
- Russian military aggression towards Ukraine exacerbating global supply constraints of corn, wheat and nitrogen products
- Demand for Industrial and Mining products such as nitric acid and LDAN remain very stable despite recessionary concerns





	Spot Prices July 22, 2022	One Year Ago
Tampa Ammonia	$960 / MT	$585 / MT
Urea (Southern Plains)	$553 / ST	$495 / ST
UAN (Southern Plains)	$412 / ST	$340 / ST
Ammonium Nitrate (Southern Plains)	$600 / ST	$420 / ST
Natural Gas (NYMEX Spot Price)	$8.31/MMBtu	$4.11/MMBtu

(1) Sources: USDA, Green Markets® A Bloomberg Company , Macrotrends.net, Federal Reserve Economic Data, and U.S. Energy Information Administration as of 7/22/22 publication

LSB Consolidated Financial Highlights

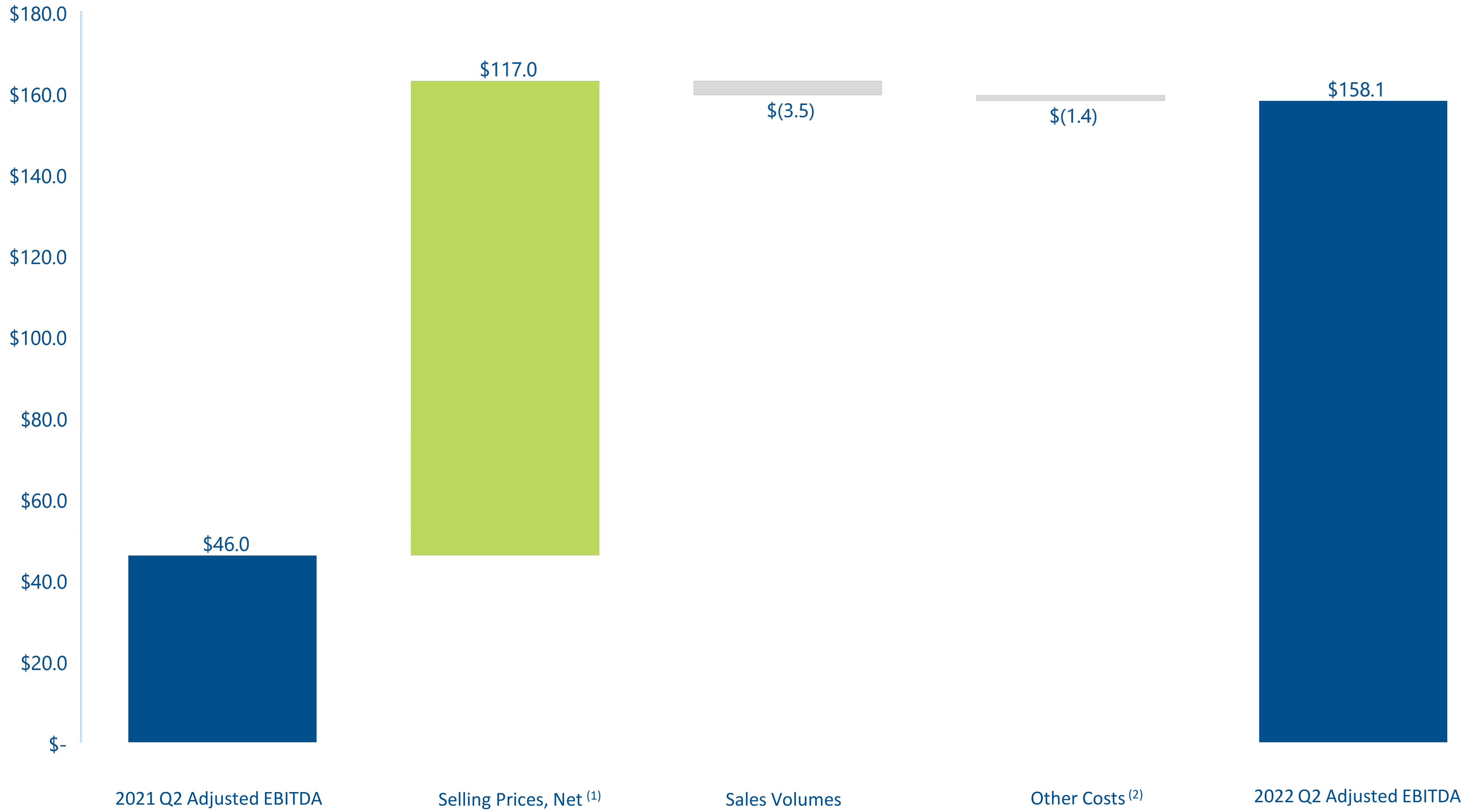
$ in millions

	2Q 2022	2Q 2021	
Sales	**$284.8**	**$140.7**	Sales increase driven by higher pricing
Operating Income	**$132.7**	**$26.5**	Higher selling prices partially offset by higher gas and other raw material costs
EBITDA(1)	**$152.4** *54%*	**$43.0** *31%*	EBITDA increased in line with previously outlined factors that improved operating profit
Adjusted EBITDA(1)	**$158.1** *56%*	**$46.0** *33%*	Primarily favorable pricing - see waterfall chart on following slide for breakout
Adjusted EPS(1)	**$1.22**	**$0.67**	Adjusted EPS increase in line with previously outlined factors that improved adjusted EBITDA

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

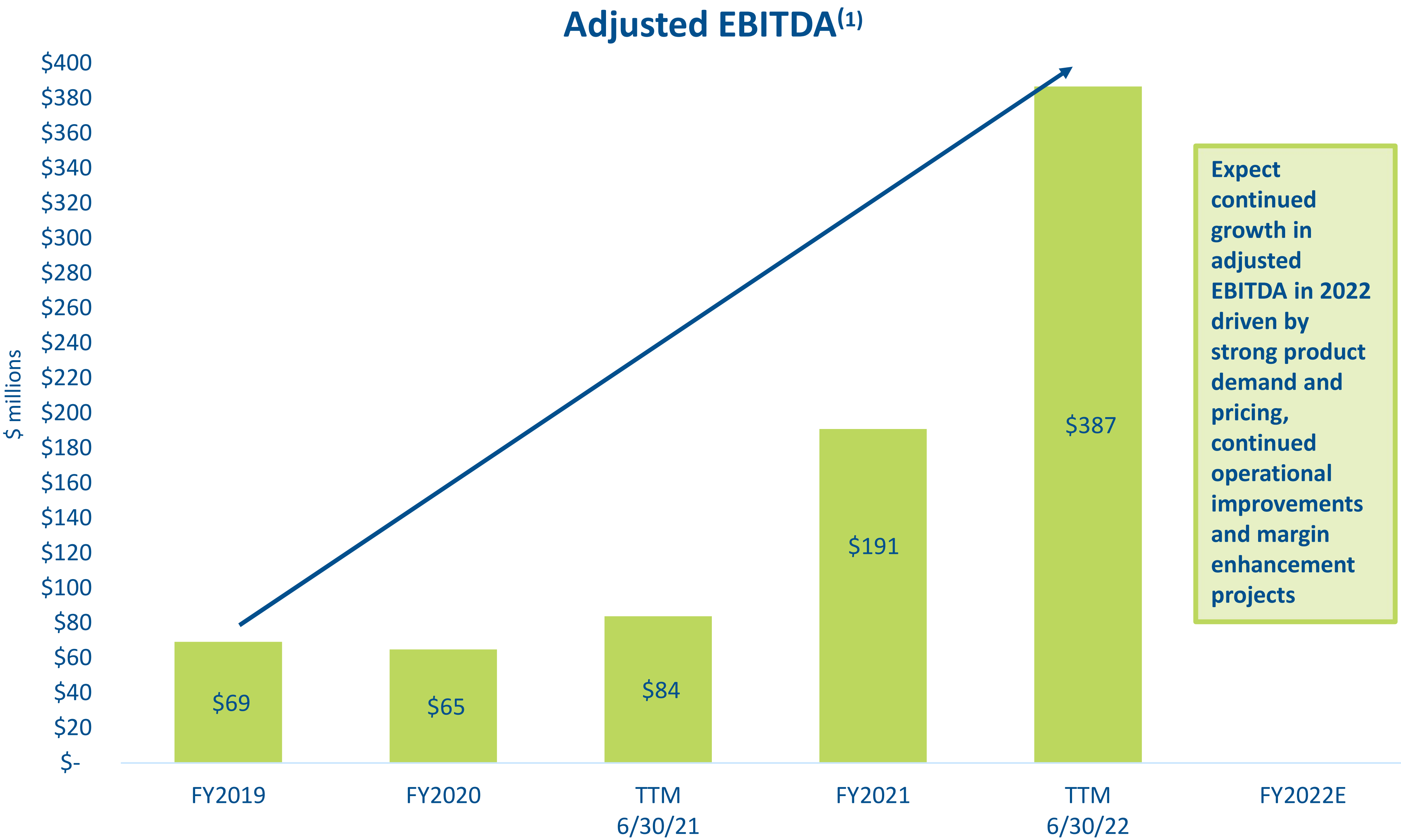
Second Quarter – 2022 vs. 2021

$ in millions



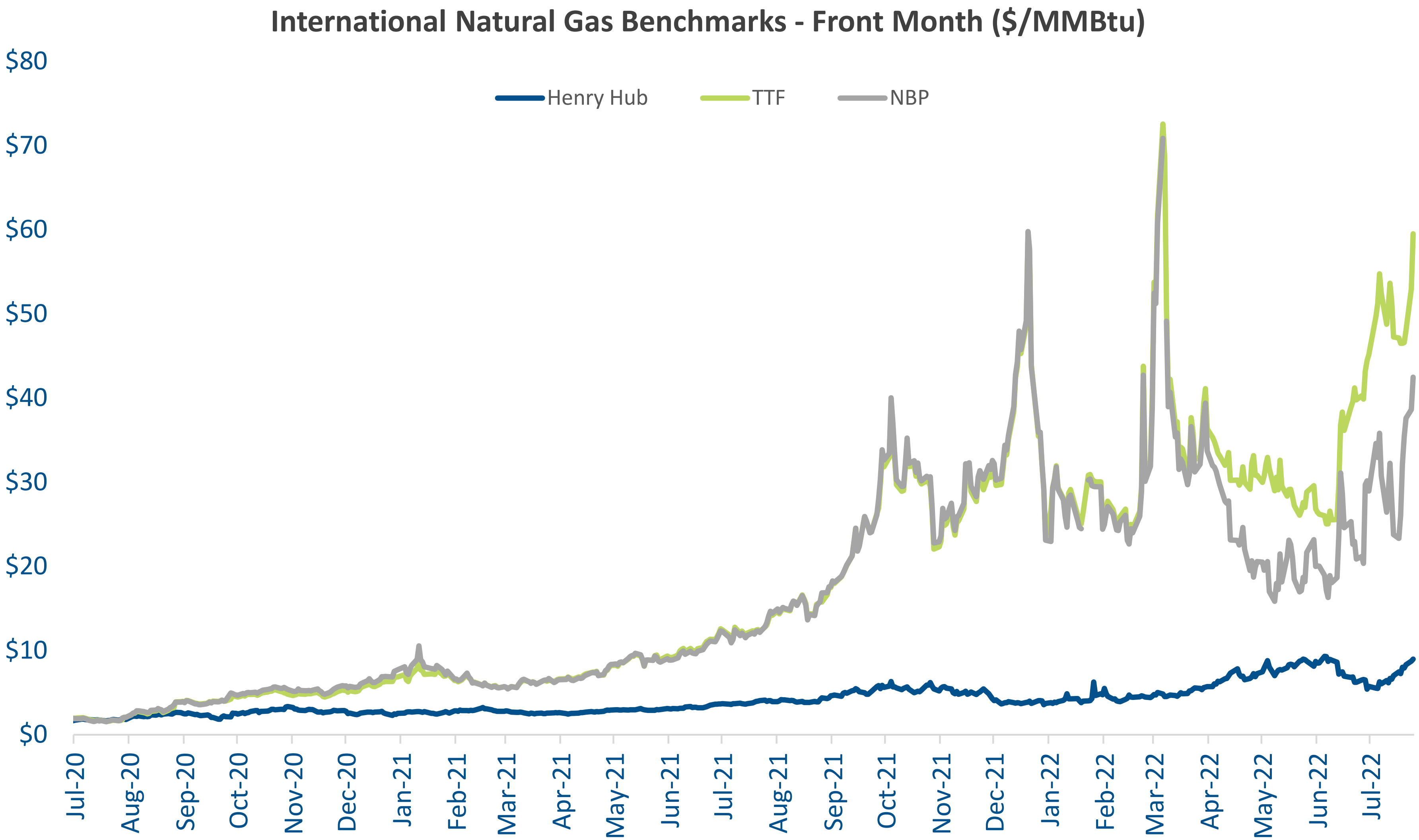
(1) Selling prices net of approximately $29 million impact of higher natural gas and sulfur raw material costs.
(2) Primarily higher fixed costs offset by one time cost recovery

Strong Bottom Line Improvement



(1) This is a non-GAAP measure; refer to the Adjusted EBITDA TTM and Quarterly reconciliation pages in the appendix of this presentation

Global Energy Price Spreads Widen



Key Growth Initiatives

Becoming Best in Class Operator

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

Pursue Organic Growth

- Capacity expansion through debottlenecking of existing plants
- Evaluate new capacity expansion
- Other margin enhancement opportunities

Advancing Low CO_2 and Clean Energy Strategy

- Blue Ammonia project to sequester CO_2
- Green Ammonia project to produce ammonia using zero CO_2 feedstock and energy

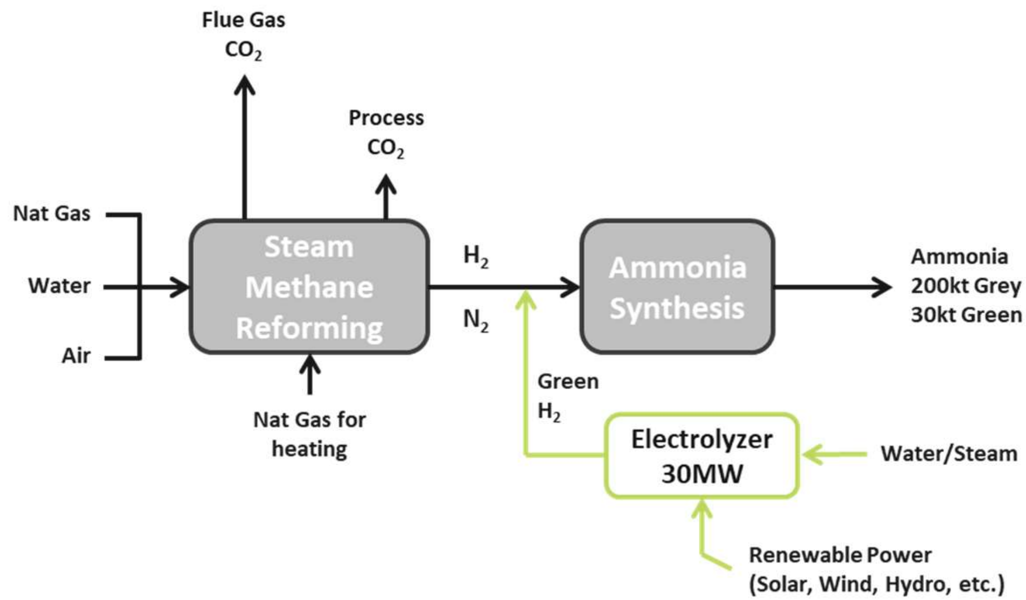
Pursuing Accretive Acquisitions

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

Green Ammonia Project

- 5/25/22 agreements with Bloom Energy and thyssenkrupp Uhde to develop a project to produce zero-carbon or “green” ammonia at Pryor facility
- Construction planned in two phases: first with Bloom supplying a 10MW solid oxide electrolyzer, followed by installation of additional 20MW alkaline electrolyzer to be sourced from a leading manufacturer
- Bloom will, own, operate and maintain the solid oxide electrolyzer that, once in operation, will be the largest of its kind in the world. Once the second electrolyzer is installed and operational, Pryor will be the largest green ammonia production site in North America.
- Feasibility study currently underway with anticipated production start-up in 2023-24
- Expected production of ~30,000 metric tons of green ammonia per year with reduction in process CO_2 emissions from existing facility by ~36,000 metric tons per year
- Electrolyzers will operate on renewable power from new solar and wind facilities in Oklahoma
- Green ammonia could be sold as is or upgraded into “carbon-neutral” products like urea and UAN

Pryor Facility Green Ammonia Conversion



Appendix

Adjusted EBITDA Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net income	**$103,399**	**$23,670**	**$162,165**	**$10,391**
Plus:				
Interest expense, net	11,584	12,290	21,539	24,662
Loss (gain) on extinguishment of debt	-	(10,000)	113	(10,000)
Depreciation and amortization	16,996	17,277	34,504	34,354
Provision (benefit) for income taxes	20,382	(248)	31,497	(206)
EBITDA (1)	**$152,361**	**$42,989**	**$249,818**	**$59,201**
Stock-based compensation	1,365	1,063	2,168	1,776
Noncash (gain) on natural gas contracts	-	-	-	(1,205)
Legal fees (Leidos)	270	441	613	1,327
Loss on disposal of assets	852	91	806	174
Fair market value adjustment on preferred stock embedded derivatives	-	716	-	1,152
Turnaround costs	3,295	707	5,826	847
Adjusted EBITDA (2)	**$158,143**	**$46,007**	**$259,231**	**$63,272**

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

Adjusted EBITDA Reconciliation – Trailing Twelve Months

LSB Consolidated ($ In Millions)	TTM June 30, 2022	TTM June 30, 2021	Twelve Months Ended December 31, 2021	December 31, 2020	December 31, 2019
Net income (loss)	**$195.3**	**($31.7)**	**$43.5**	**($61.9)**	**($63.4)**
Plus:					
Interest expense, net	46.3	49.8	49.4	51.1	46.4
Loss/(gain) on extinguishment of debt	20.4	(10.0)	10.3	-	-
Depreciation and amortization	70.0	70.0	69.9	70.8	69.6
Provision (benefit) for income taxes	27.1	(3.3)	(4.6)	(4.7)	(20.9)
EBITDA (1)	**$359.1**	**$74.8**	**$168.5**	**$55.3**	**$31.7**
Stock-based compensation	5.9	2.4	5.5	1.8	2.2
Change of Control	3.2	-	3.2	-	-
Noncash loss (gain) on natural gas contracts	-	(0.1)	(1.2)	1.2	-
Severance costs	-	-	-	-	0.6
Legal Fees (Leidos)	1.2	2.8	1.9	5.7	9.6
Loss on disposal of assets and other	1.5	1.4	0.8	0.9	11.2
Fair market value adjustment on preferred stock embedded derivatives	1.1	1.9	2.3	(0.1)	(0.6)
Consulting costs associated with reliability and purchasing initiatives	-	0.0	-	0.6	1.4
Turnaround costs	14.9	0.9	10.0	0.1	13.2
Adjusted EBITDA (2)	**$386.9**	**$84.1**	**$191.0**	**$65.5**	**$69.3**

(1) EBITDA is defined as net income (loss) plus interest expense net, 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.

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Adjusted EBITDA Reconciliation – Quarterly

LSB Consolidated ($ In Millions)	Three Months Ended December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Net income (loss)	**($21.7)**	**($13.3)**	**$23.7**	**($8.9)**	**$42.1**	**$58.8**
Plus:						
Interest expense net	12.6	12.4	12.3	13.0	11.8	10.0
Loss/(gain) on extinguishment of debt	-	-	(10.0)	-	20.3	0.1
Depreciation and amortization	17.9	17.1	17.3	18.0	17.6	17.5
Provision (benefit) for income taxes	(1.7)	0.0	(0.2)	0.0	(4.4)	11.1
EBITDA (1)	**$7.1**	**$16.2**	**$43.0**	**$22.0**	**$87.4**	**$97.5**
Stock-based compensation	0.1	0.7	1.1	2.6	1.2	0.8
Change of Control	-	-	-	3.2	-	-
Noncash loss on natural gas contracts	1.7	(1.2)	-	-	-	-
Legal Fees (Leidos)	0.6	0.9	0.4	0.3	0.3	0.3
Loss on disposal of assets and other	0.3	0.1	0.1	0.5	0.1	(0.0)
Fair market value adjustment on preferred stock embedded derivatives	0.6	0.4	0.7	1.1	-	-
Turnaround costs	0.0	0.1	0.7	8.0	1.1	2.5
Adjusted EBITDA (2)	**$10.4**	**$17.2**	**$46.0**	**$37.7**	**$90.1**	**$101.1**

(1) EBITDA is defined as net income (loss) plus interest expense net, 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.

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Adjusted EPS Reconciliation

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In Thousands, Except Per Share Amounts)			
Numerator:				
Net income (loss) attributable to common stockholders	**$ 103,399**	**$ 12,646**	**$ 162,165**	**$ (10,507)**
Adjustments:				
Dividend requirements on Series E Redeemable Preferred	-	10,213	-	19,724
Accretion of Series E Redeemable Preferred	-	513	-	1,024
Adjusted net income (loss) attributable to common stockholders	**103,399**	**23,372**	**162,165**	**10,241**
Other Adjustments:				
Stock-based compensation	1,365	1,063	2,168	1,776
Noncash loss (gain) on natural gas contracts	-	-	-	(1,205)
Legal fees (Leidos)	270	441	613	1,327
Loss on disposal of assets	852	91	806	174
Fair market value adjustment on preferred stock embedded derivative	-	716	-	1,152
Turnaround costs	3,295	707	5,826	847
Adjusted net income (loss) attributable to common stockholders, excluding other adjustments	**$ 109,181**	**$ 26,390**	**$ 171,578**	**$ 14,312**
Denominator:				
Adjusted weighted-average shares for basic net income (loss) per share and for adjusted net income (loss) per share (1)	**88,181**	**37,031**	**88,301**	**37,162**
Adjustment:				
Unweighted shares, including unvested restricted stock subject to forfeiture	1,224	2,199	1,458	1,665
Outstanding shares, net of treasury, at period end for adjusted net income (loss) per share, excluding other adjustments	**89,405**	**39,230**	**89,759**	**38,827**
Basic net income (loss) per common share	**$ 1.17**	**$ 0.34**	**$ 1.84**	**$ (0.28)**
Adjusted net income (loss) per common share, excluding other adjustments	**$ 1.22**	**$ 0.67**	**$ 1.91**	**$ 0.37**

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

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