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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to

Commission File Number: 1-7677

LSB Industries, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**73-1015226**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3503 NW 63rd Street, Suite 500, Oklahoma City, Oklahoma	**73116**
(Address of principal executive offices)	**(Zip Code)**

(405) 235-4546

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).☐ Yes ☒ No

The number of shares outstanding of the registrant's common stock was 71,944,499 shares as of October 24, 2025.

FORM 10-Q OF LSB INDUSTRIES, INC.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Information at September 30, 2025 is unaudited)

	September 30, 2025	December 31, 2024
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 27,951	$ 20,230
Short-term investments	124,015	163,971
Accounts receivable	47,029	39,083
Allowance for doubtful accounts	(384)	(323)
Accounts receivable, net	46,645	38,760
Inventories:		
Finished goods	18,391	22,382
Raw materials	1,408	2,519
Total inventories	19,799	24,901
Supplies, prepaid items and other:		
Prepaid insurance	1,704	14,345
Precious metals	12,143	11,596
Supplies	33,163	31,995
Other	2,349	3,916
Total supplies, prepaid items and other	49,359	61,852
Assets held for sale	2,851	—
Total current assets	270,620	309,714
Property, plant and equipment, net	833,252	847,570
Other assets:		
Operating lease assets	44,444	28,727
Intangible and other assets, net	1,232	1,177
Total other assets	45,676	29,904
Total assets	$ 1,149,548	$ 1,187,188
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	59,994	83,498
Short-term financing	1,384	12,146
Accrued and other liabilities	33,107	30,874
Current portion of long-term debt	817	9,116
Total current liabilities	95,302	135,634
Long-term debt, net	447,582	476,163
Noncurrent operating lease liabilities	36,579	21,387
Other noncurrent accrued and other liabilities	456	456
Deferred income taxes	65,020	61,908
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock, $.10 par value per share; 150 million shares authorized, 91.2 million shares issued	9,117	9,117
Capital in excess of par value	505,072	504,578
Retained earnings	216,143	207,662
	730,332	721,357
Less treasury stock, at cost:		
Common stock, 19.2 million shares (19.5 million shares at December 31, 2024)	225,723	229,717
Total stockholders' equity	504,609	491,640
Total liabilities and stockholders' equity	$ 1,149,548	$ 1,187,188

See accompanying notes to the unaudited condensed consolidated financial statements.

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands, Except Per Share Amounts)			
Net sales	$ 155,431	$ 109,217	$ 450,159	$ 387,494
Cost of sales	129,888	117,162	387,059	345,746
Gross profit (loss)	25,543	(7,945)	63,100	41,748
Selling, general and administrative expense	10,333	10,042	30,330	31,883
Other (income) expense, net	(419)	6,436	2,180	8,625
Operating income (loss)	15,629	(24,423)	30,590	1,240
Interest expense, net	7,363	8,115	23,313	26,229
Loss (gain) on extinguishment of debt	—	—	59	(3,013)
Non-operating other income, net	(1,385)	(2,674)	(4,600)	(9,143)
Income (loss) before income taxes	9,651	(29,864)	11,818	(12,833)
Provision (benefit) for income taxes	2,536	(4,482)	3,337	(2,629)
Net income (loss)	$ 7,115	$ (25,382)	$ 8,481	$ (10,204)
Net income (loss) per common share:				
Basic:				
Net income (loss)	$ 0.10	$ (0.35)	$ 0.12	$ (0.14)
Diluted:				
Net income (loss)	$ 0.10	$ (0.35)	$ 0.12	$ (0.14)

See accompanying notes to the unaudited condensed consolidated financial statements.

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock Shares	Treasury Stock-Common Shares	Common Stock Par Value	Capital in Excess of Par Value	Retained Earnings	Treasury Stock-Common	Total
				(In Thousands)			
Balance at December 31, 2024	91,168	(19,528)	$ 9,117	$ 504,578	$ 207,662	$ (229,717)	$ 491,640
Net (loss)					(1,640)		(1,640)
Stock-based compensation				1,733			1,733
Vesting of equity compensation		369		(4,344)		4,344	—
Shares withheld upon vesting of equity compensation		(133)				(1,170)	(1,170)
Balance at March 31, 2025	91,168	(19,292)	9,117	501,967	206,022	(226,543)	490,563
Net income					3,006		3,006
Stock-based compensation				2,088			2,088
Employee stock purchase plan		22		(105)		262	157
Vesting of equity compensation		39		(454)		453	(1)
Shares withheld upon vesting of equity compensation		(2)				(13)	(13)
Balance at June 30, 2025	91,168	(19,233)	9,117	503,496	209,028	(225,841)	495,800
Net income					7,115		7,115
Stock-based compensation				1,719			1,719
Employee stock purchase plan		1		(2)		6	4
Vesting of equity compensation		12		(141)		141	—
Shares withheld upon vesting of restricted stock units		(4)				(29)	(29)
Balance at September 30, 2025	91,168	(19,224)	$ 9,117	$ 505,072	$ 216,143	$ (225,723)	$ 504,609
Balance at December 31, 2023	91,168	(18,051)	$ 9,117	$ 501,026	$ 227,015	$ (218,827)	$ 518,331
Net income					5,623		5,623
Stock-based compensation				1,394			1,394
Purchase of common stock		(690)				(5,397)	(5,397)
Vesting of equity compensation		109		(1,323)		1,323	—
Shares withheld upon vesting of equity compensation		(231)				(1,766)	(1,766)
Balance at March 31, 2024	91,168	(18,863)	9,117	501,097	232,638	(224,667)	518,185
Net income					9,555		9,555
Stock-based compensation				2,099			2,099
Purchase of common stock		(802)				(6,734)	(6,734)
Shares issued restricted stock units and ESPP participants		37		(331)		429	98
Vesting of equity compensation		123		(1,443)		1,443	—
Shares withheld upon vesting of equity compensation		(42)				(410)	(410)
Balance at June 30, 2024	91,168	(19,547)	9,117	501,422	242,193	(229,939)	522,793
Net loss					(25,382)		(25,382)
Stock-based compensation				1,550			1,550
Balance at September 30, 2024	91,168	(19,547)	$ 9,117	$ 502,972	$ 216,811	$ (229,939)	$ 498,961

See accompanying notes to the unaudited condensed consolidated financial statements.

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
	(In Thousands)	
Cash flows from operating activities		
Net income (loss)	$ 8,481	$ (10,204)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income taxes	3,113	(2,880)
Loss (gain) on extinguishment of debt	59	(3,013)
Depreciation and amortization of property, plant and equipment	60,143	52,484
Amortization of short-term investments	357	4,528
Stock-based compensation	5,540	5,042
Write-downs of property, plant and equipment	3,033	8,582
Other	1,857	2,310
Cash provided (used) by changes in operating assets and liabilities:		
Accounts receivable	(7,940)	(3,890)
Inventories	4,473	6,604
Prepaid insurance	12,641	12,832
Supplies, prepaid items and other	(1,955)	(842)
Accounts payable	(15,206)	6,995
Accrued interest	4,044	3,634
Other assets and other liabilities	(1,065)	418
Net cash provided by operating activities	77,575	82,600
Cash flows from investing activities		
Expenditures for property, plant and equipment	(56,325)	(64,087)
Proceeds from short-term investments	211,423	236,493
Purchases of short-term investments	(171,825)	(190,646)
Other investing activities	(215)	(140)
Net cash used by investing activities	(16,942)	(18,380)
Cash flows from financing activities		
Proceeds from revolving debt facility	100	—
Payments on revolving debt facility	(100)	—
Repurchases of 6.25% Senior Secured Notes	(32,076)	(92,216)
Payments on other long-term debt	(9,024)	(3,986)
Payments on short-term financing	(10,761)	(11,870)
Acquisition of treasury stock, net	160	(12,032)
Taxes paid on equity awards	(1,211)	(2,176)
Payments of debt-related costs	—	(689)
Net cash used by financing activities	(52,912)	(122,969)
Net increase (decrease) in cash and cash equivalents	7,721	(58,749)
Cash and cash equivalents at beginning of period	20,230	101,032
Cash and cash equivalents at end of period	$ 27,951	$ 42,283

See accompanying notes to the unaudited condensed consolidated financial statements.

LSB INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

All references to "LSB Industries," "LSB," the "Company," "we," "us," and "our" refer to LSB Industries, Inc. and its subsidiaries on a consolidated basis, except where the context makes clear that the reference is only to LSB Industries, Inc. itself and not its subsidiaries. The accompanying unaudited interim financial statements and notes of LSB have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Pursuant to such rules and regulations, certain disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") have been omitted. The accompanying unaudited condensed consolidated interim financial statements and notes should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (our "2024 Form 10-K"), filed with the SEC on February 27, 2025. The accompanying unaudited interim financial statements in this report reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the Company's results of operations and cash flows for the three and nine months ended September 30, 2025 and 2024 and the Company's financial position as of September 30, 2025.

Basis of Consolidation – LSB Industries, Inc. and its subsidiaries are consolidated in the accompanying unaudited condensed consolidated interim financial statements. All intercompany accounts and transactions have been eliminated. Certain prior period amounts reported in our unaudited condensed consolidated interim financial statements and notes thereto have been reclassified to conform to current period presentation.

Nature of Business – We are engaged in the manufacture and sale of chemical products. The chemical products we primarily manufacture, market and sell are (i) ammonia and urea ammonia nitrate ("UAN") for agricultural applications, and (ii) high purity and commercial grade ammonia, high purity ammonium nitrate, sulfuric acids, concentrated, blended and regular nitric acid, mixed nitrating acids, carbon dioxide, and industrial grade ammonium nitrate ("LDAN") and ammonium nitrate ("AN") solutions for industrial applications. We manufacture and distribute products in four facilities; three of which we own and are located in El Dorado, Arkansas (the "El Dorado Facility"); Cherokee, Alabama (the "Cherokee Facility"); and Pryor, Oklahoma (the "Pryor Facility"); and one of which we operate on behalf of Covestro LLC in Baytown, Texas.

Our customers include farmers, ranchers, fertilizer dealers and distributors primarily in the ranch land and grain production markets in the United States; industrial users of acids throughout the United States and parts of Canada; and explosives manufacturers in United States and other parts of North America.

Seasonality – These interim results are not necessarily indicative of results for a full year due, in part, to the seasonality of our sales of agricultural products and the timing of performing our major plant maintenance activities. Our selling seasons for agricultural products are primarily during the spring and fall planting seasons, which typically extend from March through June and from September through November.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Investments, which consist of highly liquid investments with original maturities of three months or less, are considered cash equivalents.

Short-Term Investments – Investments, which consist of U.S. treasury securities with remaining maturity at the time of purchase greater than three months but less than 12 months, are considered short-term investments and are classified as Level 1 under the fair value hierarchy. These investments are classified as held to maturity, consistent with our intent to hold these investments to maturity. U.S. treasury bills with remaining maturity at the time of purchase of three months or less are included in cash and cash equivalents. Due to the nature of these investments as U.S. treasury securities, no impairment is anticipated. See "Note 6. Financial Instruments" for more information regarding our short-term investments.

Accounts Receivable – Substantially all of our accounts receivable consists of trade receivables from customers. We have recognized an appropriate allowance for estimated uncollectible accounts to reflect any estimate of expected credit losses. Our estimate is based on historical experience and periodic assessment, particularly on accounts that are past due (based upon the terms of the sale). Our periodic assessment is based on our best estimate of amounts that are not recoverable, which includes a present collectability review and forward-looking assessment, where applicable. We write off accounts receivable when we deem them uncollectible and record recoveries of accounts receivable previously written off when received.

Impairment of Long-Lived Assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. An asset's fair value must be determined when the carrying amount of an asset (asset group) exceeds the estimated undiscounted future cash flows expected to result from the use of the asset (asset group) and/or its eventual disposition. If assets to be held and used are considered to be impaired, the impairment to be recognized is the amount by which the carrying amounts of the assets exceed the fair values of the assets as measured by the present value of future net cash flows expected to be generated by the assets or their appraised value. In general, our asset groups are reviewed for impairment on a facility-by-facility basis (such as the Cherokee, El Dorado or Pryor Facility) unless it is determined that the asset being evaluated will generate cash flows that are independent from the rest of the facility.

In addition, if the event or change in circumstance relates to the probable sale of an asset (or group of assets), the specific asset (or group of assets) is reviewed for impairment.

For the three and nine months ended September 30, 2025, we recorded asset write-downs in the amount of $0.4 million and $3.0 million, respectively. For the three and nine months ended September 30, 2024, we recorded asset write-downs in the amount of $5.6 million and $8.6 million, respectively. These asset write-downs are included in "Other (income) expense, net" on our condensed consolidated statements of operations.

Assets Held For Sale – In general, assets held for sale are reported at the lower of the carrying amounts of the assets or fair values less costs to sell. During the nine months ended September 30, 2025, we entered into purchase and sale agreements for the disposition of real estate and tangible property at two of our former agricultural retail locations that ceased operations. We closed on the sale of the first location on October 20, 2025 and expect to close on the second location before the end of the year. The total purchase price for the real estate and tangible personal property at both locations is approximately $4.2 million. The assets classified as held for sale on the condensed consolidated balance sheet as of September 30, 2025, reflect the net book value of the disposal group at the two locations.

Short-Term Financing – Our short-term financing represents the short-term note related to financing of our insurance premium, which is renewed annually.

Contingencies – Certain conditions may exist which may result in a loss, but which will only be resolved when future events occur. We assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. If the assessment of a contingency indicates that it is probable that a loss has been incurred, we accrue for such contingent loss when such loss can be reasonably estimated. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Estimates of potential legal fees and other directly related costs associated with contingencies are not accrued but rather are expensed as incurred. Loss contingency liabilities are included in current and noncurrent accrued and other liabilities and are based on current estimates that may be revised in the near term. In addition, we recognize contingent gains when such gains are realized or when the contingencies have been resolved (generally at the time a settlement has been reached).

Derivatives, Hedges and Financial Instruments – In order to mitigate a portion of the commodity price risk associated with natural gas, which we utilize in our manufacturing process, we periodically enter into natural gas forward contracts or volume purchase commitments. Such contracts are required to be accounted for as derivatives under applicable accounting guidance unless they are eligible for and we elect the normal purchase normal sale ("NPNS") exception. We are eligible for the NPNS exception when these contracts provide for the purchase of natural gas that will be delivered in quantities expected to be used over a reasonable period of time in the normal course of business and are documented as such. In the event that we have natural gas derivatives that we do not elect or do not qualify for the NPNS exception, we would account for such contracts as derivatives by recognizing them in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Such derivatives are not designated as hedges for accounting purposes.

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

Level 1 - Valuations of contracts classified as Level 1 are based on quoted prices in active markets for identical contracts.

Level 2 - Valuations of contracts classified as Level 2 are based on quoted prices for similar contracts and valuation inputs other than quoted prices that are observable for these contracts.

Level 3 - Valuations of assets and liabilities classified as Level 3 are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Leases – We are the lessee in most of the lease arrangements we enter into. We determine if an arrangement is a lease at inception or modification of a contract and classify each lease as either an operating or finance lease based on the terms of the contract. We reassess lease classification subsequent to commencement upon a change to the expected lease term or a modification to the contract. A contract contains a lease if the contract conveys the right to control the use of the identified property or equipment, explicitly or implicitly, for a period of time in exchange for consideration. Control of an underlying asset is conveyed if we obtain the rights to direct the use of and obtain substantially all of the economic benefit from the use of the underlying asset.

An operating lease asset represents our right to use the underlying asset as a lessee for the lease term and an operating lease liability represents our obligation to make lease payments arising from the lease. Currently, most of our leases are classified as operating leases and primarily relate to railcars, other equipment and office space. Our leases that are classified as finance leases primarily relate to railcars. Variable payments are excluded from the present value of lease payments and are recognized in the period in which the payment is made. Our current leases do not contain residual value guarantees. Most of our leases do not include options to extend or terminate the lease prior to the end of the term. Leases with a term of 12 months or less are not recognized in the balance sheet.

As a lessee, we use our incremental borrowing rate based on the lease term and other information available at the commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the applicable lease term.

From time to time when we have excess freight capacity, we may sublease a portion of our railcars fleet on a short-term basis to other parties. The income from these subleases is recorded as a component of “Other expense, net” in our condensed consolidated statements of operations. For the three and nine months ended September 30, 2025, sublease income was $0.1 million and $0.3 million, respectively. For the three and nine months ended September 30, 2024, sublease income was $0.1 million and $0.9 million, respectively.

As of September 30, 2025, we had an executed operating lease for railcars with a lease term greater than one year with aggregate lease payments of approximately $4.0 million which lease has not yet commenced.

Recently Issued Accounting Pronouncements

ASU 2023-06 - In October 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-06, *Disclosure Improvements—Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative*, which modifies the disclosure or presentation requirements of a variety of topics in the codification. Certain of the amendments represent clarifications to or technical corrections of the current requirements. For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the codification and will not become effective for any entity. These amendments should be applied prospectively. We are currently evaluating the timing and the effect of adoption of this ASU on our consolidated financial statements and related disclosures.

ASU 2023-09 - In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which focuses on income tax disclosures around effective tax rates and cash income taxes paid. This ASU will be effective for us on a prospective basis for annual periods beginning after December 15, 2024. We will adopt this ASU prospectively for the period ending December 31, 2025, and it will impact only our disclosures, with no impact to our financial condition and results of operations. We do not expect the impact of this update to be material, as the improvements are enhancements to existing disclosures in the financial statements.

ASU 2024-03 - In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires an entity to disclose the amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. It also requires an entity to include certain amounts that are already required to be disclosed under current U.S. GAAP in the same disclosure. Additionally, it requires an entity to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and to disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. An entity may apply the amendments prospectively for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. While this ASU will impact only our disclosures and not our financial condition and results of operations, we are currently evaluating the timing and effect of adopting this ASU.

ASU 2025-05 - In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets (“ASU 2025-05”)*. The amendments in this ASU provide a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under Accounting Standards Codification 606. Under ASU 2025-05, an entity is required to disclose whether it has elected to use the practical expedient. An entity that makes the accounting policy election is required to disclose the date through which subsequent cash collections are evaluated. ASU 2025-05 is effective for us beginning in the fiscal year ending December 31, 2026. We are currently evaluating the impacts of the adoption of this ASU on our consolidated financial statements and related disclosures.

Changes to U.S. GAAP are established by the FASB in the form of ASUs to the FASB's Accounting Standards Codification. We considered all ASUs issued and outstanding or that became effective since January 1, 2025 through the date of these financial statements and determined them not to be applicable or materially impact our financial statements other than those ASUs specifically addressed above.

2. Net Income (Loss) per Common Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands, Except Per Share Amounts)			
Numerator:				
Net income (loss)	$ 7,115	$ (25,382)	$ 8,481	$ (10,204)
Numerator for basic and diluted net income (loss) per common share	$ 7,115	$ (25,382)	$ 8,481	$ (10,204)
Denominator:				
Denominator for basic net income (loss) per common share - adjusted weighted-average shares	71,963	71,672	71,904	72,070
Effect of dilutive securities:				
Unvested restricted stock and stock units	510	—	345	—
Dilutive potential common shares	510	—	345	—
Denominator for diluted net income (loss) per common share - adjusted weighted-average shares	72,473	71,672	72,249	72,070
Basic net income (loss) per common share	$ 0.10	$ (0.35)	$ 0.12	$ (0.14)
Diluted net income (loss) per common share	$ 0.10	$ (0.35)	$ 0.12	$ (0.14)

The following securities were not included in the computation of diluted net income (loss) per common share as their effect would have been antidilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restricted stock and stock units	246,449	1,630,923	962,939	1,004,478
Stock options	—	13,000	—	13,000
	246,449	1,643,923	962,939	1,017,478

3. Accrued and Other Liabilities

	September 30, 2025	December 31, 2024
	(In Thousands)	
Accrued interest	$ 10,455	$ 6,230
Accrued payroll and benefits	9,031	10,217
Current portion of operating lease liabilities	7,936	7,406
Other	6,141	7,477
	33,563	31,330
Less noncurrent portion	456	456
Current portion of accrued and other liabilities	$ 33,107	$ 30,874

4. Long-Term Debt

Our long-term debt consists of the following:

	September 30, 2025	December 31, 2024
	(In Thousands)	
Revolving Credit Facility (A)	$ —	$ —
Senior Secured Notes due 2028, with an interest rate of 6.25% (B)	446,080	478,440
Secured Financing due 2025, with an interest rate of 8.75% (C)	—	8,516
Finance Leases (D)	6,484	3,895
Unamortized debt issuance costs (1)	(4,165)	(5,572)
	448,399	485,279
Less current portion of long-term debt	817	9,116
Long-term debt due after one year, net	$ 447,582	$ 476,163

(1) Debt issuance costs as of September 30, 2025 and December 31, 2024 of approximately $0.5 million and $0.6 million, respectively, relating to our Revolving Credit Facility (defined below) are not included in Unamortized debt issuance costs. Such costs are included in our condensed consolidated balance sheet in "Intangible and other assets, net."

(A) The revolving credit facility pursuant to a credit agreement, dated December 21, 2023, between us, the lenders identified on the signature pages thereof and JPMorgan Chase Bank, N.A, as administrative agent (the "Revolving Credit Facility") provides for borrowings up to an initial maximum of $75 million, with an option to increase the maximum by an additional $25 million (which amount is uncommitted). Availability under the Revolving Credit Facility is subject to a borrowing base and is also subject to an availability block of $7.5 million (which can be removed by us at our sole discretion, subject to the satisfaction of certain conditions) (the "Availability Block"). The Availability Block is applied against the $75 million maximum. The Revolving Credit Facility provides for a sub-facility for the issuance of letters of credit in an aggregate amount not to exceed $10 million, with the outstanding amount of any such letters of credit reducing availability for borrowings. As of September 30, 2025, our Revolving Credit Facility was undrawn and had approximately $45 million of availability, based on our eligible collateral.

The Revolving Credit Facility matures on December 21, 2028, subject to springing maturity to the date that is 90 days prior to the stated maturity date of our existing Senior Secured Notes (defined below), which is currently October 15, 2028 (unless such Senior Secured Notes have been repaid or redeemed in full prior thereto). Borrowings outstanding under the Revolving Credit Facility will bear interest at a rate per annum equal to, at our option, either (a) term Secured Overnight Financing Rate ("SOFR") for a period of one month (with a fallback to the prime rate if such rate is unavailable), plus 0.10%, plus an applicable margin of 1.625% or (b) term SOFR for a period of one, three or six months (at our election), plus 0.10%, plus an applicable margin of 1.625%, in each case with a floor of 0.00%.

LSB Industries, Inc. and all of its subsidiaries (collectively, the "Borrowers") are co-borrowers under the Revolving Credit Facility. Obligations under the Revolving Credit Facility are secured by a first priority security interest in substantially all of our current assets, including accounts receivable and inventory, subject to certain exceptions.

The Revolving Credit Facility contains a financial covenant, which requires that, solely if we elect to remove the Availability Block, then the Borrowers must maintain a minimum fixed charge coverage ratio of not less than 1.00:1.00. The financial covenant, if triggered, is tested monthly. The financial covenant was not triggered as of September 30, 2025.

(B) We previously issued at par an aggregate total of $700 million principal value of our Senior Secured Notes due 2028 ("Senior Secured Notes"). The Senior Secured Notes, which mature in October 2028, bear interest at a rate of 6.25% paid in arrears on May 15 and October 15 of each year. From time to time, we have engaged in open market repurchases to extinguish a portion of the outstanding balance.

We did not repurchase any of our Senior Secured Notes during the three months ended September 30, 2025. During the nine months ended September 30, 2025, we repurchased $32.4 million in principal amount of our Senior Secured Notes for approximately $32.1 million, which was accounted for as an extinguishment of debt. While the repurchases were at prices slightly below par value, including our write-off of the associated remaining portion of unamortized debt issuance costs, we recognized a loss on extinguishment of debt of approximately $0.1 million.

We did not repurchase any of our Senior Secured Notes during the three months ended September 30, 2024. During the nine months ended September 30, 2024, we repurchased $96.6 million in principal amount of our Senior Secured Notes for approximately $92.2 million, which was accounted for as an extinguishment of debt. Including our write-off of the associated remaining portion of unamortized debt issuance costs, we recognized a gain on extinguishment of debt approximately $3.0 million.

(C) In August 2020, we entered into a $30 million, 60-month secured financing arrangement with an affiliate of Eldridge Industries, L.L.C. (“Eldridge”). During the third quarter of 2025 we made the final balloon payment of approximately $5 million.

(D) Finance leases consist primarily of leases on railcars.

5. Commitments and Contingencies

Outstanding Natural Gas Purchase Commitments – Certain of our natural gas contracts qualify as normal purchases under U.S. GAAP and thus are not financial instruments for which we mark-to-market. At September 30, 2025, these contracts included volume purchase commitments with fixed prices of approximately 0.9 million MMBtus of natural gas that cover a period from October 2025 through December 2025. The weighted-average fixed price of the natural gas covered by these contracts was $3.45 per MMBtu, for a total of $3.0 million. Based on market prices at September 30, 2025, the weighted-average price of the fixed contracts was $3.26 per MMBtu, for a total of $2.8 million.

Legal Matters - The following is a summary of certain legal matters involving the Company:

A. Environmental Matters

Our facilities and operations are subject to numerous federal, state and local environmental laws and to other laws regarding health and safety matters (collectively, the “Environmental and Health Laws”), many of which provide for certain performance obligations, substantial fines and criminal sanctions for violations. Certain Environmental and Health Laws impose strict liability as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly owned or operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken.

In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety effects of our operations.

There can be no assurance that we will not incur material costs or liabilities in complying with such laws or in paying fines or penalties for violation of such laws. Our insurance may not cover all environmental risks and costs or may not provide sufficient coverage if an environmental claim is made against us. The Environmental and Health Laws and related enforcement policies have in the past resulted, and could in the future result, in significant compliance expenses, cleanup costs (for our sites or third-party sites where our wastes were disposed of), penalties or other liabilities relating to the handling, manufacture, use, emission, discharge or disposal of hazardous or toxic materials at or from our facilities or the use or disposal of certain of its chemical products. Further, a number of our facilities are dependent on environmental permits to operate, the loss or modification of which could have a material adverse effect on their operations and our financial condition.

Historically, we have incurred significant capital expenditures in order to comply with the Environmental and Health Laws and significant capital expenditures are expected to be incurred in the future. We will also be obligated to manage certain discharge water outlets and monitor groundwater contaminants at our facilities should we discontinue the operations of a facility.

As of September 30, 2025, our accrued liabilities for environmental matters totaled approximately $0.6 million relating primarily to the matters discussed below. Estimates of the most likely costs for our environmental matters are generally based on preliminary or completed assessment studies, preliminary results of studies, or our experience with other similar matters. It is reasonably possible that a change in the estimate of our liability could occur in the near term.

1. Discharge Water Matters

Each of our manufacturing facilities generates process wastewater, which may include cooling tower and boiler water quality control streams, contact storm water and miscellaneous spills and leaks from process equipment. The process water discharge, storm-water runoff and miscellaneous spills and leaks are governed by various permits generally issued by the respective state environmental agencies as authorized and overseen by the U.S. Environmental Protection Agency (the “EPA”). These permits limit the type and volume of effluents that can be discharged and control the method of such discharge.

In 2017, the Company filed a Permit Renewal Application for its Non-Hazardous Injection Well Permit at the Pryor Facility. Although the Injection Well Permit expired in 2018, we continue to operate the injection well in accordance with an executed November 2023 Consent Order with the Oklahoma Department of Environmental Quality (“ODEQ”) that allows for the continued use of the injection well until a wastewater treatment process is designed, built and operational. The Company continues to work with the ODEQ under the terms of the Consent Order. We have identified and selected a wastewater treatment technology using biological processes that can and will treat the nitrogen-containing wastewater streams at our Pryor Facility. We are unable to estimate the costs related to the replacement of the disposal well at this time as we are in the early stages of design for the wastewater treatment process with a wastewater process design engineering firm. We have also commenced preliminary discussions with the ODEQ on permitting the treated wastewater discharges, but have not received any confirmation from the ODEQ on their preliminary acceptance of our treated wastewater stream.

In 2006, the Company entered into a Consent Administrative Order ("CAO") that recognizes the presence of nitrate contamination in the shallow groundwater at our El Dorado Facility. The CAO required us to perform semi-annual groundwater monitoring, continue operation of a groundwater recovery system, submit a human health and ecological risk assessment and submit a remedial action plan. The risk assessment was submitted in 2007. In 2015, the Arkansas Department of Environmental Quality ("ADEQ") stated that the El Dorado Facility was meeting the requirements of the CAO and should continue semi-annual monitoring. A CAO was signed in 2018, which required an Evaluation Report of the data and effectiveness of the groundwater remedy for nitrate contamination. During 2019, the Evaluation Report was submitted to the ADEQ and the ADEQ approved the report. In August 2023, the Company received a Notice of Violation ("NOV") for wastewater discharges from our El Dorado Facility. We have been in discussions with the ADEQ about our response to the NOV. The ADEQ provided notice of the cash penalty amount related to the NOV, which amount was not material and was paid in the third quarter of 2025.

2. Other Environmental Matters

In 2002, certain of our subsidiaries sold substantially all of their operating assets relating to a Kansas chemical facility (the "Hallowell Facility") but retained ownership of the real property where the facility is located. Our subsidiary retained the obligation to be responsible for and perform the activities under a previously executed consent order to investigate the surface and subsurface contamination at the real property, develop a corrective action strategy based on the investigation and implement such strategy. In addition, certain of our subsidiaries agreed to indemnify the buyer of such assets for these environmental matters.

As the successor to a prior owner of the Hallowell Facility, Chevron Environmental Management Company ("Chevron") has agreed in writing, within certain limitations, to pay and has been paying one-half of the costs of the investigation and interim measures relating to this matter as approved by the Kansas Department of Health and Environment (the "KDHE"), subject to reallocation.

During this process, our subsidiary and Chevron retained an environmental consultant that prepared and performed a corrective action study work plan as to the appropriate method to remediate the Hallowell Facility. During 2020, the KDHE selected a remedy of annual monitoring and the implementation of an Environmental Use Control ("EUC"). This remedy primarily relates to long-term surface and groundwater monitoring to track the natural decline in contamination and is subject to a periodic review with the KDHE. At this time there is no review scheduled.

The final remedy, including the EUC, the finalization of the cost estimates and any required financial assurances remains under discussion with the KDHE. Pending the results from our discussions regarding the final remedy, we continue to accrue our allocable portion of costs primarily for the additional testing, monitoring and risk assessments that could be reasonably estimated, which amount is included in our accrued liabilities for environmental matters discussed above. The estimated amount is not discounted to its present value. As more information becomes available, our estimated accrual will be refined, as necessary.

We received a NOV for ten findings identified from an inspection conducted by the EPA Region IV at our Cherokee Facility in late 2022. We provided written responses to each finding in the inspection report issued in connection with such inspection and to the Notice of Potential Violations and held direct communications with the EPA related to the matter. A meeting was held with the EPA in January 2024 to discuss the NOV and our subsequent responsive actions. During the meeting, the EPA proposed two alternatives for the penalties related to the violations. We accepted one of the proposed alternatives, which included a cash fine and an investment in a community project, for which we accrued an estimate as of December 31, 2023. Both the cash fine and the investment in the community project, which amounts were not material, were paid as of September 30, 2025.

B. Other Pending, Threatened or Settled Litigation

In addition to the foregoing, we are also involved in various other claims and legal actions (including matters involving gain contingencies) in the ordinary course of our business. While it is possible that the actual claims results could differ from our estimates, after consultation with legal counsel, we believe that any such differences will not have a material effect on our business, financial condition, results of operations or cash flows.

6. Financial Instruments

Natural Gas Contracts

Periodically, we enter into certain forward natural gas contracts or volume purchase commitments, which are derivatives. We utilize these natural gas contracts as economic hedges for risk management purposes, but the contracts are not designated as hedging instruments. At September 30, 2025 and December 31, 2024, we had no outstanding forward natural gas contracts or volume purchase commitments accounted for as derivatives. When present in the past, the valuations of the natural gas contracts were classified as a Level 2 fair value measurement.

Financial Instruments

At September 30, 2025 and December 31, 2024, we did not have any financial instruments with fair values materially different from their carrying amounts (which excludes issuance costs, if applicable) except for our Senior Secured Notes. Fair value of our Senior Secured Notes is classified as a Level 2 fair value measurement while the treasury securities that comprise our cash equivalents and short-term investments are a Level 1 fair value measurement. The fair value of financial instruments is not indicative of the overall fair value of our assets and liabilities since financial instruments do not include all assets, including intangibles, and all liabilities.

	September 30, 2025		December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In Millions)			
Senior Secured Notes [1]	$ 446	$ 439	$ 478	$ 461
Short-Term Investments	$ 124	$ 124	$ 164	$ 164

(1) Based on a quoted price of 98.5 at September 30, 2025 and 96.4 at December 31, 2024. Also see discussion in Note 4 (B).

7. Income Taxes

Provision (benefit) for income taxes is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands)			
Current:				
Federal	$ —	$ —	$ —	$ —
State	134	718	224	251
Total Current	$ 134	$ 718	$ 224	$ 251
Deferred:				
Federal	$ 2,244	$ (5,267)	$ 3,019	$ (2,354)
State	158	67	94	(526)
Total Deferred	$ 2,402	$ (5,200)	$ 3,113	$ (2,880)
Provision (benefit) for income taxes	$ 2,536	$ (4,482)	$ 3,337	$ (2,629)

The tax provision for the nine months ended September 30, 2025, was $3.3 million (28.2% provision on pre-tax income). The tax benefit for the nine months ended September 30, 2024 was $2.6 million (20.5% benefit on pre-tax loss). For 2025, the effective tax rate was higher than the statutory tax rate primarily due to nondeductible compensation expense and state taxes. For 2024, the effective tax rate was lower than the statutory tax rate primarily due to change in valuation allowance and nondeductible compensation, partially offset by state tax law changes.

We considered both positive and negative evidence in our determination of the need for valuation allowances for deferred tax assets. Information evaluated includes our financial position and results of operations for the current and preceding years, the availability of deferred tax liabilities and tax carrybacks, as well as an evaluation of currently available information about future years. Valuation allowances are reflective of our quarterly analysis of the four sources of taxable income, including the calculation of the reversal of existing tax assets and liabilities, the impact of financing activities and our quarterly results. Based on our analysis, we have determined that it is more-likely-than-not that all of our federal deferred tax assets and a portion of our state deferred tax assets will be utilized. We estimate an approximately $0.6 million increase in the related valuation allowance associated with these state deferred tax assets will be recorded during the year as part of the estimated annual effective tax rate applied to ordinary income.

We will continue to evaluate both the positive and negative evidence on a quarterly basis in determining the need for a valuation allowance with respect to our deferred tax assets. Changes in positive and negative evidence, including differences between estimated and actual results, could result in changes in the valuation of our deferred tax assets that could have a material impact on our consolidated financial statements. Changes in existing tax laws could also affect actual tax results and the realization of deferred tax assets over time.

LSB Industries, Inc. and certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the 2021-2024 years remain open for all purposes of examination by the U.S. Internal Revenue Service (“IRS”) and other major tax jurisdictions. Additionally, the 2013-2020 years remain subject to examination for determining the amount of net operating loss and other carryforwards.

On July 4, 2025, “An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14” and commonly referred to as the One Big Beautiful Bill Act (“OBBBA”) was enacted into law in the United States. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and favorable changes to bonus depreciation, domestic research cost expensing, and the business interest limitation. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. There was not a significant impact to our income tax expense or effective tax rate for the nine months ended September 30, 2025 associated with the OBBBA.

8. Net Sales

Disaggregated Net Sales

We primarily derive our revenues from the sales of various chemical products. The Company’s net sales disaggregation is consistent with other financial information utilized or provided outside of our condensed consolidated financial statements. Accordingly, this approach is reflected in disaggregated net sales, mirroring how the Company manages its net sales by product through contracts with customers.

The following table presents our net sales disaggregated by our products, which disaggregation is consistent with other financial information utilized or provided outside of our consolidated financial statements:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands)			
Net sales:				
AN & Nitric Acid	$ 57,522	$ 47,981	$ 176,847	$ 154,858
Urea ammonium nitrate (UAN)	51,423	25,303	147,550	109,303
Ammonia	37,072	28,490	97,174	96,468
Other	9,414	7,443	28,588	26,865
Total net sales	$ 155,431	$ 109,217	$ 450,159	$ 387,494

Other Information

For our contracts with a duration greater than one year at contract inception, the average remaining expected duration was approximately 31 months at September 30, 2025.

Liabilities associated with contracts with customers (contract liabilities) primarily relate to deferred revenue and customer deposits associated with cash payments received in advance from customers for product shipments. Our contract liabilities were minimal as of September 30, 2025. We had approximately $1.1 million of contract liabilities as of December 31, 2024. For the three and nine months ended September 30, 2025, revenues of $0.1 million and $1.1 million, respectively, were recognized and included in the balances as of June 30, 2025 and December 31, 2024. For the three and nine months ended September 30, 2024, revenues of $0.1 million and $0.8 million, respectively, were recognized and included in the balances as of June 30, 2024 and December 31, 2023. Our contract assets consist of unconditional rights to payment from our customers, which are reflected as accounts receivable in our condensed consolidated balance sheets.

For most of our contracts with customers, the transaction price from the inception of a contract is constrained to a short period of time (generally one month) as these contracts contain terms with variable consideration related to both price and quantity. At September 30, 2025, we had remaining performance obligations with certain customer contracts, excluding contracts with original durations of less than one year and for service contracts for which we have elected the practical expedient for consideration recognized in revenue as invoiced. As of September 30, 2025, the remaining performance obligations totaled approximately $118.9 million, of which approximately 52% relates to 2025 through 2027, approximately 27% relates to 2028 through 2029, with the remainder thereafter.

9. Related Party Transactions

In August 2025, we paid off our outstanding financing arrangement with an affiliate of Eldridge as discussed in footnote (C) of Note 4.

10. Supplemental Cash Flow Information

The following provides additional information relating to cash flow activities:

	Nine Months Ended September 30,	
	2025	2024
	(In Thousands)	
Cash payments (refunds) for:		
Interest on long-term debt and other, net of capitalized interest	$ 17,904	$ 21,289
Income taxes, net	$ 464	$ 508
Noncash investing and financing activities:		
Property, plant and equipment acquired and not yet paid at end of period	$ 18,706	$ 25,302
Loss (gain) on extinguishment of debt	$ 59	$ (3,013)

11. Segment

The Company is managed on a consolidated basis with a single reportable segment, chemical manufacturing, which is not an aggregation of individual operating segments. There have been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss since the filing of our 2024 Form 10-K. Information about reported segment revenue, measures of a segment's profit or loss, significant segment expenses, and measure of a segment's assets:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands)			
Net sales	$155,431	$109,217	$450,159	$387,494
Less:				
Cost of sales excluding depreciation, amortization and turnaround expense	109,453	84,214	321,310	272,596
Depreciation and amortization	19,348	16,664	60,027	52,512
Turnaround expense	1,087	16,284	5,722	20,638
Total cost of sales	129,888	117,162	387,059	345,746
Selling, general and administrative				
Wages and benefits	5,953	5,357	18,210	17,045
Other selling general and administrative	4,380	4,685	12,120	14,838
Total selling general and administrative	10,333	10,042	30,330	31,883
Interest expense	7,363	8,115	23,313	26,229
Loss (gain) on extinguishments of debt	—	—	59	(3,013)
Loss from asset write-down and disposals	434	5,639	3,033	8,582
Income tax provision (benefit)	2,536	(4,482)	3,337	(2,629)
Other segment items (a)	(2,238)	(1,877)	(5,453)	(9,100)
Segment net income (loss)	7,115	(25,382)	8,481	(10,204)
Reconciliation of profit or loss				
Adjustments and reconciling items	—	—	—	—
Consolidated net income (loss)	$7,115	$(25,382)	$8,481	$(10,204)

(a) For the periods presented, amount consisted primarily of interest and sublease income.

The measure of our chemical manufacturing segment assets is reported on the condensed consolidated balance sheet as total assets. Expenditures for long-lived chemical manufacturing segment assets are reported on our condensed consolidated statement of cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion is intended to provide a reader of our financial statements with management's perspective on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Investors should read the following discussion and analysis in conjunction with the consolidated financial statements and related notes included in "*Item 1. Financial Statements*." Notes referenced in this discussion and analysis refer to the notes to consolidated financial statements that are found in "*Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements*." Certain statements contained in this discussion may be deemed to be forward-looking statements. See "*Special Note Regarding Forward-Looking Statements*." Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and in our Annual Report on Form 10-K for the year ended December 31, 2024, particularly in the section entitled "*Risk Factors*." Unless we state otherwise or the context otherwise requires, the terms "LSB," "we," "us," "our" and the "Company" refer to LSB Industries, Inc. and its consolidated subsidiaries.

Overview

General

LSB is headquartered in Oklahoma City, Oklahoma and we manufacture and sell chemical products for the agricultural and industrial markets. We own and operate three multi-plant facilities in Cherokee, Alabama (the "Cherokee Facility"), El Dorado, Arkansas (the "El Dorado Facility") and Pryor, Oklahoma (the "Pryor Facility") and operate a facility on behalf of Covestro LLC in Baytown, Texas. Our products are sold through distributors and directly to end customers primarily throughout the United States and other parts of North America.

Key Operating Initiatives for 2025

We expect our future results of operations and financial condition to benefit from the following key initiatives:

- *Investing to improve Environmental, Health & Safety and Reliability at our Facilities while Supplying our Customers with Products of the Highest Quality.*
  - We prioritize high safety standards that not only enable us to protect what matters, which is the well-being of our employees, but also translates into improved plant performance. We remain focused on our safety programs to move closer to attaining zero injuries. We have been investing and plan to continue to invest additional capital at all three of our facilities during 2025 to build upon the progress we have had in implementing enhanced safety programs during the last several years.
  - We have multiple initiatives underway focused on continuing to improve the reliability of our plants as we advance towards our ammonia on-stream operating rate target and increase our production volumes of ammonia and other downstream products. Progress towards these targets would enable us to produce greater volumes of product for sale while lowering our unit cost of production thereby increasing our overall profitability. Additionally, our product quality program continues to focus on providing products to our customers that meet our quality standards.
- *Continued Optimization and Increase the Breadth of Distribution of our Product Mix.* We have initiatives underway to increase the distribution of our products within our industrial end markets, among other product mix optimization strategies. We believe that these initiatives and strategies, combined with continued expansion of our customer relationships, the robust market analysis capabilities we have developed, and the establishment of in-market tank storage and distribution terminals, will make us more effective in identifying and capitalizing on the most profitable distribution opportunities for our products, while making our financial results more stable and predictable. Additionally, we have completed and are advancing several capital improvement projects with the intention of increasing our sales volumes of higher value downstream products resulting in improvements in our overall profit margins.
- *Development of Low Carbon Ammonia and Other Products.* The reduction of greenhouse gas emissions, particularly related to carbon dioxide, has been and we expect will increasingly become a global environmental priority. Ammonia has continued to emerge as one of the more viable alternatives to serve as a hydrogen-based energy source for a variety of applications due to its higher energy density and ease of storage relative to hydrogen gas. Low carbon ammonia can be used as a coal and natural gas substitute in power generation, a zero-carbon fuel in the maritime sector, and as a carbon free fertilizer. If low carbon ammonia were to be adopted for these and other energy needs globally, some studies have indicated that future demand could increase from current levels of global annual production of ammonia.

  Low carbon ammonia is produced using natural gas and conventional processes but includes an additional stage where the carbon dioxide emissions are captured and permanently stored in deep underground rock formations. We believe that the resulting low carbon emission product can be sold at a premium to conventional ammonia, to customers seeking to reduce their carbon footprint, particularly in the power generation, marine, industrial, mining and agricultural end markets. Additionally, we believe that producers of low carbon ammonia will be eligible for government incentives aimed at promoting carbon capture and sequestration ("CCS").

We believe we are well-positioned to capitalize on this opportunity given our potential to retrofit our existing plants, which we believe can reduce our time to market for low carbon ammonia and also reduce the upfront capital expenditures necessary to enable us to produce this product. We are currently pursuing projects that could enable us to become a producer and marketer of low carbon ammonia and other derivative products. These projects include a low carbon ammonia project at our El Dorado Facility in collaboration with Lapis Carbon Solutions ("Lapis") that we expect to be operational by the end of 2026. In January 2025, we achieved pre-certification status under the Fertilizer Institute's Verified Ammonia Carbon Intensity program. This is a voluntary certification of the carbon footprint of ammonia production at a specific facility, from well to production gate. Our El Dorado ammonia plant is one of four North American plants to have received such a status.

- *Evaluate and Pursue Organic Capacity Expansion.* We have been evaluating opportunities across all our facilities to increase production capacity through the implementation of several potential debottlenecking projects, particularly at our El Dorado Facility. Initial feasibility studies have pointed to potentially attractive returns for some of these projects. However, given the current high-cost environment and limited resources, coupled with our outlook for moderating selling prices, during 2024 we elected to put the El Dorado expansion projects on hold. We will continue evaluating these projects over the course of 2025 to determine our prospects of moving forward with one or more of them in the future.
- *Evaluate Acquisitions of Strategic Assets or Companies.* From time to time, we evaluate opportunities to acquire strategic assets or companies where we believe those acquisitions will enhance our value and provide attractive returns to our stockholders. We also consider assets and companies that can provide us with geographic expansion, extend an existing product line, add one or more new product lines, leverage our existing ammonia production capabilities, or complement our existing business lines, among other accretive opportunities.

Summary of Low Carbon Ammonia Initiatives

In May 2024, we announced an agreement to supply, for a five-year period commencing January 1, 2025, up to 150,000 short tons per year of low carbon ammonium nitrate solution ("ANS") to Freeport Minerals Corporation ("Freeport"). In early 2025 we began supplying conventional ANS to Freeport from our El Dorado Facility, and expect to phase in the low carbon contracted volume in late 2026. Freeport intends to use the low carbon ANS purchased from us for its United States copper mining operations.

In April 2022, we entered into an agreement with Lapis to develop a project to capture and sequester CO_2 at our El Dorado Facility. Lapis, backed by Cresta Fund Management, a Dallas-based middle-market infrastructure investment firm, will invest the majority of the capital required for project development. The project is expected to be completed and operational by the end of 2026, subject to the approval of a Class VI permit, at which time CO_2 injections are expected to begin. Once operational, the project at the El Dorado site will initially capture and sequester approximately 400,000 to 500,000 metric tons of CO_2 per year in underground saline aquifers.

The sequestered CO_2 generated from the facility's ammonia production is expected to qualify for federal tax credits under Internal Revenue Code Section 45Q, which are \$85 per metric ton of CO_2 captured and sequestered. Lapis, as the majority owner of the CCS equipment, will earn the 45Q tax credits and will pay us a fee for each ton of CO_2 captured and sequestered by the end of 2026. Once in operation, the sequestered CO_2 is expected to reduce our overall scope 1 GHG emissions by approximately 25% from current levels. In addition, sequestering approximately 400,000 to 500,000 metric tons of CO_2 annually is expected to enable us to produce approximately 305,000 to 380,000 metric tons of low carbon ammonia annually, a product that could potentially be sold at higher price levels than conventional ammonia. In February 2023, a key milestone was achieved in the advancement of our low carbon ammonia project at El Dorado by filing a pre-construction Class VI permit application with the United States Environmental Protection Agency (the "EPA"). The EPA recognized the application as complete in March 2023 and is currently in the review process. In June 2025, Lapis completed the drilling of a stratigraphic injection well at the El Dorado site and has been gathering data to support the EPA in its continuing technical review of our Class VI application. Once the project receives EPA approval, we intend to use this well for CO_2 injections.

Market Outlook

Demand for our industrial products remains consistent despite global economic concerns. Nitric acid demand has been robust, reflecting strong domestic production driven by proposed anti-dumping duties on imported methylene diphenyl diisocyanate (MDI) (for which nitric acid is a raw material in its production process), import tariffs and the resilience of the U.S. economy. Demand for AN for use in mining applications is robust across all commodities, particularly metals, with copper and gold in limited supply globally. Gold and copper prices are at or near historical highs with strong outlooks for future demand to underpin current production levels and potential new projects that increase production volumes. Demand for AN is also benefiting from quarrying/aggregate production for infrastructure upgrade and expansion. These factors should continue to support AN demand through the remainder of 2025 and into 2026. Economic uncertainty continues to be heightened by the potential impacts of tariffs on global trade flows, consumer prices and production input costs. However, we believe that we have a meaningful degree of downside protection in our industrial business given our diverse customer base which is almost entirely located in the United States, the nature of our contracts and our ability to shift our production mix to products where demand and pricing are strongest.

Ammonia prices currently reflect constrained global inventories resulting from reduced supply from the Middle East, higher cost of production in Europe and delays to the start-up of new production capacity. Supply constraints are expected to continue through the end of 2025, however, this could change and pricing may be impacted by the start-up of new production capacity in both the U.S. and internationally, with at least one new world scale plant expected to come online before the end of 2025.

Pricing for ammonia derivative fertilizer products has been strong. UAN prices have strengthened above year-ago levels, reflecting steady exports, lower imports and strong demand, resulting in tight U.S. supply fundamentals and below average distribution channel inventory levels throughout the U.S. which are expected to remain into 2026. UAN prices have also been positively impacted by robust global demand for urea.

Corn market dynamics appear supportive of strong fertilizer demand. The United States Department of Agriculture's ("USDA") recent revision of domestic spring planting season estimates to approximately 98 million planted acres of corn, up 9% from 2024, is not expected to hinder demand for the fall program, which remains subject to seasonal weather outcomes. The outlook for U.S. corn calls for a small increase in stocks to use as a result of strong 2025 plantings and harvest expectations. We expect to see a reduction in planted acres in 2026 closer to recent averages of 91 million to 93 million acres underpinning nitrogen fertilizer demand levels in line with recent years.

Key Industry Factors

Supply and Demand

Fertilizer

The price at which our agricultural products are ultimately sold depends on numerous factors, including the supply and demand for nitrogen fertilizers which, in turn, depends upon world grain demand and production levels, the cost and availability of transportation and storage, weather conditions, competitive pricing and the availability of imports. Additionally, expansions or upgrades of competitors' facilities and international and domestic political and economic developments continue to play an important role in the global nitrogen fertilizer industry economics. These factors can affect, in addition to selling prices, the level of inventories in the market which can cause price volatility and affect product margins.

From a farmer's perspective, the demand for fertilizer is affected by the aggregate crop planting decisions including farm economics, weather and fertilizer application rate decisions of individual farmers. Individual farmers make planting decisions based largely on prospective profitability of a harvest, while the specific varieties and amounts of fertilizer they apply depend on factors such as their financial resources, soil conditions, weather patterns and the types of crops planted.

Additionally, changes in corn prices, as well as soybean, cotton and wheat prices, can affect the number of acres of corn planted in a given year and the number of acres planted will drive the level of nitrogen fertilizer consumption, likely affecting prices.

According to the World Agricultural Supply and Demand Estimates Report dated September 12, 2025 (the "September Report"), farmers planted approximately 98.7 million acres of corn in the 2025 planting season, up 8.9% compared to the 2024 planting season. According to the September Report, the USDA estimates the U.S. ending stocks for the 2025 Harvest will be approximately 53.6 million metric tons, a 59.1% increase from the 2024 Harvest. The USDA's expected yield per acre for the 2025 Harvest is 186.7 bushels, up approximately 4.1% from a year ago.

The following September 2025 estimates are associated with the corn market:

	2026 Crop (2025 Harvest) September Report (1)	2025 Crop (2024 Harvest) September Report (1)	Percentage Change (2)	2024 Crop (2023 Harvest) September Report (1)	Percentage Change (3)
U.S. Area Planted *(Million acres)*	98.7	90.6	8.9%	94.6	4.3%
U.S. Yield per Acre *(Bushels)*	186.7	179.3	4.1%	177.3	5.3%
U.S. Production *(Million bushels)*	16,814	14,867	13.1%	15,341	9.6%
U.S. Ending Stocks *(Million metric tons)*	53.6	33.7	59.1%	44.8	19.6%
World Ending Stocks *(Million metric tons)*	281.4	284.2	(1.0%)	315.5	(10.8%)

1. Information obtained from the September Report for the 2026/2025 ("2026 Crop"), 2024/2025 ("2025 Crop") and 2023/2024 ("2024 Crop") corn marketing years. The marketing year is the twelve-month period during which a crop normally is marketed. For example, the marketing year for the current corn crop is from September 1 of the current year to August 31 of the next year. The year begins at the harvest and continues until just before harvest of the following year.
2. Represents the percentage change between the 2026 Crop amounts compared to the 2025 Crop amounts.
3. Represents the percentage change between the 2026 Crop amounts compared to the 2024 Crop amounts.

The current USDA corn outlook for the U.S. calls for greater supplies, larger exports, and a slight reduction in ending stocks. Corn beginning stocks are higher based on a lower use forecast for the 2024 Harvest, with reductions in imports and corn used for ethanol partially offset by an increase in exports. Corn production for the 2025 Harvest is forecast at 16.8 billion bushels. If realized, harvested area would be the highest since 1933 and planted area of 98.7 million acres the highest since 1936.

Industrial Products

Our industrial products sales volumes are dependent upon general economic conditions, primarily in the housing, automotive and paper industries. Demand for our industrial products is stable despite persistent global economic challenges. Nitric acid demand has been robust, reflecting strong domestic production. Our sales prices generally vary with the market price of ammonia or natural gas, as applicable, in our pricing arrangements with customers.

Our LDAN and AN solution, which are primarily used as AN fuel oil and specialty emulsions for usage in the quarry and the construction industries, are used for metals mining and to a lesser extent, for coal. Demand for AN for use in mining applications has been bolstered by positive exposure to copper, gold and iron ore, as well as continued attractive market fundamentals for aggregate production relating to infrastructure construction. Economic uncertainty has recently been heightened by the potential impacts of tariffs on global trade flows, consumer prices and production input costs. However, we believe that we have a meaningful degree of downside protection in our industrial business given our diverse customer base which is almost entirely located in the United States, the nature of our contracts and our ability to shift our production mix to products where demand and pricing are strongest.

Natural Gas Prices

Natural gas is the primary feedstock used to produce nitrogen fertilizers at our manufacturing facilities. In recent years, U.S. natural gas reserves have increased significantly due to, among other factors, advances in extracting shale gas, which has reduced and stabilized natural gas prices, providing North America with a cost advantage over certain imports. As a result, our competitive position and that of other North American nitrogen fertilizer producers has been positively affected.

We historically have purchased natural gas either on the spot market, through forward purchase contracts, or a combination of both and we have used forward purchase contracts to lock in pricing for a portion of our natural gas requirements. These forward purchase contracts are generally either fixed-price or index-price, short-term in nature and for a fixed supply quantity. We are able to purchase natural gas at competitive prices due to our connections to large distribution systems and their proximity to interstate pipeline systems.

The following table shows the volume of natural gas purchased and the average cost per MMBtu:

	Three Months Ended September 30, 2025	2024
Natural gas volumes (MMBtu in millions)	7.6	6.6
Natural gas average cost per MMBtu	$ 3.08	$ 2.17

Transportation Costs

Costs for transporting nitrogen-based products can be significant relative to their selling price. We continue to evaluate the rising costs of freight domestically. As a result of increases in demand for available rail, truck and barge options to transport product, primarily during the spring and fall planting seasons, higher transportation costs have and could continue to impact our margins, where we are unable to fully pass through these costs to our customers. Additionally, truck driver shortages could impact our ability to fulfill customer demand. As a result, we continue to evaluate supply chain efficiencies to reduce or counter the impact of higher logistics costs.

Key Operational Factors

Facility Reliability

Consistent, reliable and safe operations at our chemical plants are critical to our financial performance and results of operations. The financial effects of planned downtime at our plants, including a planned major maintenance activity (each such activity, a “Turnaround”) is mitigated through a diligent planning process that considers the availability of resources to perform the needed maintenance and other factors. Unplanned downtime of our plants typically results in lost contribution margin from lost sales of our products, lost fixed cost absorption from lower production of our products and increased costs related to repairs and maintenance. All Turnarounds result in lost contribution margin from lost sales of our products, lost fixed cost absorption from lower production of our products and increased costs related to repairs and maintenance, which repair and maintenance costs are expensed as incurred.

The next ammonia plant Turnaround is currently planned for our El Dorado Facility in the first half of 2026. We completed Turnarounds at both our Pryor Facility and Cherokee Facility in the latter half of 2024. Following those Turnarounds, the next Pryor Facility Turnaround is currently planned for 2027, with the Cherokee Facility Turnaround currently planned for 2028.

Ammonia Production

Ammonia is the basic product used to produce all of our upgraded products. The ammonia production rates of our plants affect the total cost per ton of each product produced and the overall sales of our products. For 2025, we are targeting total ammonia production of approximately 820,000 tons to 850,000 tons.

Forward Sales Contracts

In certain instances, we may use forward sales of our fertilizer products to optimize our asset utilization, planning process and production scheduling. These sales are made by offering customers the opportunity to purchase product on a forward basis at prices and delivery dates that are agreed upon, with delivery dates typically occurring within 12 months. We use this program to varying degrees during the year depending on market conditions and our view of changing price environments. Fixing the selling prices of our products months in advance of their ultimate delivery to customers typically causes our reported selling prices and margins to differ from spot market prices and margins available at the time of shipment.

Consolidated Results of the Third Quarter of 2025

Our consolidated net sales for the third quarter of 2025 were $155.4 million compared to $109.2 million for the same period in 2024. Our consolidated operating income for the third quarter of 2025 was $15.6 million compared to an operating loss of $24.4 million for the same period in 2024. The items impacting our operating results are discussed in more detail below and under "Results of Operations."

Items Affecting Comparability of Results of the Third Quarter

Shift in Production Mix

Earlier this year, we commenced the process of transitioning our production of fertilizer grade ammonium nitrate ("HDAN"), an agricultural/fertilizer product, to ANS, a product used in industrial and mining applications. This transition was completed and the Company ceased production of HDAN during the third quarter of 2025. This transition from HDAN to ANS is consistent with our strategy to shift a portion of our sales mix from agricultural sales made at spot market pricing, which can be volatile, towards sales covered under multi-year contracts where we pass through the cost of natural gas feedstock.

Selling Prices

For the third quarter of 2025, average selling prices for UAN and ammonia increased while the average selling price for AN and nitric acid decreased compared to the third quarter of 2024.

Turnaround Activities (2024 only)

We performed major Turnaround activities at our Pryor Facility in the third quarter of 2024. Additionally, we planned and executed a minor planned outage at our El Dorado Facility during July 2024 to change the catalyst in the ammonia plant to maximize production rates. When such activities are performed, overall results are negatively impacted. This impact includes lost contribution margin from lost sales, lost fixed cost absorption from lower production, and increased costs associated with repairs and maintenance. In addition, Turnaround-related costs may be incurred in periods earlier than the actual outage of the plant for activities such as planning and procurement of materials.

Plant, Property and Equipment Impairments

For the three months ended September 30, 2025 and 2024, we recorded asset write-downs primarily related to assets no longer in use in the amount of $0.4 million and $5.6 million, respectively. These write-downs are included in "Other (income) expense, net" on our condensed consolidated statements of operations.

Results of Operations

The following is a discussion and analysis of our condensed consolidated results of operations for the three months ended September 30, 2025 and 2024.

Net sales to unaffiliated customers are reported in the condensed consolidated financial statements and gross profit represents net sales less cost of sales. Net sales are reported on a gross basis with the cost of freight being recorded in cost of sales.

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

The following table sets forth certain financial information for the three months ended September 30, 2025 and 2024, the increase or decrease between those periods, and the percentage increase or decrease between those periods with respect to each line item:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Change	Percentage Change
	(Dollars In Thousands)			
Net sales:				
AN & Nitric Acid	$ 57,522	$ 47,981	$ 9,541	20 %
Urea ammonium nitrate (UAN)	51,423	25,303	26,120	103 %
Ammonia	37,072	28,490	8,582	30 %
Other	9,414	7,443	1,971	26 %
Total net sales	$ 155,431	$ 109,217	$ 46,214	42 %
Gross profit (loss):				
Adjusted gross profit (1)	$ 45,978	$ 25,003	$ 20,975	84 %
Depreciation and amortization (2)	(19,348)	(16,664)	(2,684)	16 %
Turnaround expense	(1,087)	(16,284)	15,197	(93)%
Total gross profit (loss)	25,543	(7,945)	33,488	N/M
Selling, general and administrative expense	10,333	10,042	291	3%
Other (income) expense, net	(419)	6,436	(6,855)	N/M
Operating income (loss)	15,629	(24,423)	40,052	N/M
Interest expense, net	7,363	8,115	(752)	(9)%
Non-operating other income, net	(1,385)	(2,674)	1,289	(48)%
Provision (benefit) for income taxes	2,536	(4,482)	7,018	N/M
Net income (loss)	$ 7,115	$ (25,382)	$ 32,497	N/M
Other information:				
Gross profit (loss) percentage (3)	16.4 %	(7.3)%	23.7 %	
Adjusted gross profit percentage (3)	29.6 %	22.9 %	6.7 %	
Property, plant and equipment expenditures	$ 16,978	$ 31,040	$ (14,062)	

N/M-Not meaningful.

(1) Represents a non-GAAP measure since the amount excludes unallocated depreciation, amortization and Turnaround expenses.

(2) Represents amount classified as cost of sales.

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

The following tables provide key operating metrics for the fertilizer and major industrial products, the increase or decrease between those periods, and the percentage increase or decrease between those periods with respect to each line item:

Product (tons sold)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Change	Percentage Change
AN & Nitric Acid	159,662	127,139	32,523	26 %
Urea ammonium nitrate (UAN)	134,634	95,468	39,166	41 %
Ammonia	86,322	68,497	17,825	26 %
Total	380,618	291,104	89,514	31 %

Gross Average Selling Prices (price per ton)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Change	Percentage Change
AN & Nitric Acid	$ 360	$ 377	$ (17)	(5)%
Urea ammonium nitrate (UAN)	$ 382	$ 265	$ 117	44 %
Ammonia	$ 429	$ 416	$ 13	3 %

Average Benchmark Prices (price per ton)	Three Months Ended September 30, 2025	2024	Change	Percentage Change
Tampa Ammonia Benchmark	$ 491	$ 485	$ 6	1 %
NOLA UAN	$ 336	$ 204	$ 132	65 %

Net Sales

Net sales increased compared to the prior year period due to the favorable impact of both higher prices and higher volumes. Improved plant reliability in the manufacturing of our AN & Nitric Acid product group as well as an absence of Turnarounds in the third quarter of 2025 drove an increase in sales volumes across all our product groups, with UAN having the most significant increase. Improved pricing, particularly on UAN, also contributed to the increase in net sales in the third quarter of 2025.

Gross Profit

As noted in the table above, we recognized a gross profit of $25.5 million for the third quarter of 2025 compared to a gross loss of $7.9 million for the same period in 2024, or a $33.5 million increase. Overall, our gross profit percentage was 16.4% compared to gross loss percentage of 7.3% for the same period in 2024. Our adjusted gross profit percentage increased to 29.6% for the third quarter of 2025 from 22.9% for the third quarter of 2024. Our gross profit for the third quarter of 2025 was higher compared to the same period of 2024 primarily due to increased sales and lower Turnaround expenses partially offset by higher cost of sales, which were driven largely by an increase in natural gas costs.

Selling, General and Administrative

Our SG&A expenses were relatively flat for the third quarter of 2025 compared to the same period of 2024. Increases in payroll-related expenses were offset by decreases in professional fees, insurance and other miscellaneous expenses

Other (income) expense, net

Other expense, net for the third quarter of 2024 consisted primarily of asset write-downs.

Interest Expense

Interest expense for the third quarter of 2025 was $7.4 million compared to $8.1 million for the same period in 2024. The decrease was primarily due to a lower outstanding balance on our Senior Secured Notes as a result of repurchases.

Non-operating Other Income, net

Non-operating other income, net for the third quarter of 2025 was $1.4 million compared to $2.7 million for the same period of 2024, primarily related to interest income earned during both periods from our short-term investments. Our average short-term investments balance including cash equivalents, was lower during the third quarter of 2025 compared to the third quarter of 2024.

Provision (Benefit) for Income Taxes

The provision for income taxes for the third quarter of 2025 was $2.5 million compared to a benefit for income taxes of $4.5 million for the same period of 2024. The resulting effective tax rate for the third quarter of 2025 was a provision on pre-tax income of 26.3% compared to a benefit on pre-tax loss of 15.0% for the same period of 2024. For the third quarter of 2025, the effective tax rate was higher than the statutory rate primarily due to nondeductible compensation expense and state taxes. For the third quarter of 2024, the effective tax rate was lower than the statutory rate primarily due to change in valuation allowance and nondeductible compensation. See discussion in Note 7.

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

The following table contains certain financial information for the nine months ended September 30, 2025 and 2024, the increase or decrease between those periods, and the percentage increase or decrease between those periods with respect to each line item:

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024	Change	Percentage Change
	(Dollars In Thousands)			
Net sales:				
AN & Nitric Acid	$ 176,847	$ 154,858	$ 21,989	14 %
Urea ammonium nitrate (UAN)	147,550	109,303	38,247	35 %
Ammonia	97,174	96,468	706	1 %
Other	28,588	26,865	1,723	6 %
Total net sales	$ 450,159	$ 387,494	$ 62,665	16 %
Gross profit:				
Adjusted gross profit (1)	$ 128,849	$ 114,898	$ 13,951	12 %
Depreciation and amortization (2)	(60,027)	(52,512)	(7,515)	14 %
Turnaround expense	(5,722)	(20,638)	14,916	(72)%
Total gross profit	63,100	41,748	21,352	51 %
Selling, general and administrative expense	30,330	31,883	(1,553)	(5)%
Other expense, net	2,180	8,625	(6,445)	(75)%
Operating income	30,590	1,240	29,350	N/M
Interest expense, net	23,313	26,229	(2,916)	(11)%
Loss (gain) on extinguishment of debt	59	(3,013)	3,072	N/M
Non-operating other income, net	(4,600)	(9,143)	4,543	(50)%
Provision (benefit) for income taxes	3,337	(2,629)	5,966	N/M
Net income (loss)	$ 8,481	$ (10,204)	$ 18,685	N/M
Other information:				
Gross profit percentage (3)	14.0 %	10.8 %	3.2 %	
Adjusted gross profit percentage (3)	28.6 %	29.7 %	(1.1)%	
Property, plant and equipment expenditures	$ 56,325	$ 64,087	$ (7,762)	

N/M-Not meaningful.

(1) Represents a non-GAAP measure since the amount excludes unallocated depreciation, amortization and Turnaround expenses.

(2) Represents amount classified as cost of sales.

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

The following tables provide key operating metrics for the fertilizer and major industrial products, the increase or decrease between those periods, and the percentage increase or decrease between those periods with respect to each line item:

Product (tons sold)	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024	Change	Percentage Change
AN & Nitric Acid	471,702	403,559	68,143	17 %
Urea ammonium nitrate (UAN)	435,006	367,900	67,106	18 %
Ammonia	225,794	235,622	(9,828)	(4)%
Total	1,132,502	1,007,081	125,421	12 %

Gross Average Selling Prices (price per ton)	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024	Change	Percentage Change
AN & Nitric Acid	$ 375	$ 384	$ (9)	(2)%
Urea ammonium nitrate (UAN)	$ 339	$ 297	$ 42	14 %
Ammonia	$ 430	$ 409	$ 21	5 %

Average Benchmark Prices (price per ton)	Nine Months Ended September 30, 2025	2024	Change	Percentage Change
Tampa Ammonia Benchmark	$ 466	$ 463	$ 3	1 %
NOLA UAN	$ 319	$ 234	$ 85	36 %

Net Sales

Net sales of our primary products increased during the first nine months of 2025 compared to the prior year period driven by the impact of higher volumes for UAN and our AN & Nitric Acid product group and improved pricing for UAN and ammonia. Partially offsetting this increase was lower pricing for our AN & Nitric Acid product group and lower ammonia sales volumes. Additionally, we benefited from a healthy increase in downstream upgraded product production volumes.

Gross Profit

As noted in the table above, we recognized a gross profit of $63.1 million for the first nine months of 2025 compared to $41.7 million for the same period in 2024, a $21.4 million increase. Overall, our gross profit percentage was 14.0% compared to a gross profit percentage of 10.8% for the same period in 2024. Our adjusted gross profit percentage was 28.6% for the first nine months of 2025 compared to 29.7% for the same period in 2024. Our gross profit for the first nine months of 2025 was higher compared to the prior year period primarily due to higher net sales and lower Turnaround expenses. Partially offsetting these increases were higher natural gas costs and higher depreciation due to recent investments in our facilities.

Selling, General and Administrative

Our SG&A expenses were $30.3 million for the first nine months of 2025, a decrease of $1.6 million compared to the same period in 2024. The net decrease was primarily driven by decreases in professional fees, insurance and other miscellaneous expenses items, partially offset by an increase in payroll-related expenses.

Interest Expense

Interest expense for the first nine months of 2025 was $23.3 million compared to $26.2 million for the same period in 2024. The decrease primarily related to reduced interest expense as a result of repurchases of Senior Secured Notes made during 2024 and the second quarter of 2025.

(Loss) gain on Extinguishment of Debt

During the first nine months of 2025, we repurchased $32.4 million in principal amount of our Senior Secured Notes for approximately $32.1 million, which was accounted for as an extinguishment of debt. Including our write-off of the associated remaining portion of unamortized debt issuance costs, we recognized a loss on extinguishment of debt of approximately $0.1 million. During the first nine months of 2024, we repurchased $96.6 million of our Senior Secured Notes through open market transactions for approximately $92.2 million. As a result, we recognized a gain on extinguishment of debt, net of issuance costs, of approximately $3.0 million.

Other Expense, net

Other expense, net during the first nine months of 2025 and 2024 consisted primarily of asset write-downs related to assets no longer being used in operations. The asset write downs were lower in the first nine months of 2025 compared to the first nine months of 2024. In addition, the write-downs in the first nine months of 2024 were partially offset by short-term rental income from railcar subleases.

Non-operating Other Income, net

Non-operating other income, net for the first nine months of 2025 was $4.6 million compared to $9.1 million for the same period of 2024, primarily related to interest income earned during both periods from our short-term investments. Our average short-term investments balance including cash equivalents, was lower during 2025 compared to 2024.

Provision (Benefit) for Income Taxes

The provision for income taxes for the first nine months of 2025 was $3.3 million compared to a benefit for income taxes $2.6 million for the same period of 2024. The resulting effective tax rate for the first nine months of was 28.2% compared to 20.5% for the same period of 2024. For the first nine months of 2025, the effective tax rate was higher than the statutory rate primarily due to nondeductible compensation expense and state taxes. For the first nine months of 2024, the effective tax rate was lower than the statutory rate primarily due to change in valuation allowance and nondeductible compensation, partially offset by state tax law changes. See discussion in Note 7.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our cash flow activities for the nine months ended September 30:

	2025	2024	Change
		(In Thousands)	
Net cash flows from operating activities	$ 77,575	$ 82,600	$ (5,025)
Net cash flows from investing activities	$ (16,942)	$ (18,380)	$ 1,438
Net cash flows from financing activities	$ (52,912)	$ (122,969)	$ 70,057

Net Cash Flow from Operating Activities

Net cash provided by operating activities was $77.6 million for the first nine months of 2025 compared to $82.6 million for the same period of 2024, a change of $5 million. The decrease was primarily a result of changes in working capital and lower interest income on our short-term investments.

Net Cash Flow from Investing Activities

Net cash used by investing activities was $16.9 million for the first nine months of 2025 compared to $18.4 million for the same period of 2024, a change of $1.4 million.

For the first nine months of 2025, the net cash provided by investing activities primarily related to proceeds from short-term investments of $211.4 million, partially offset by purchases of short-term investments of $171.8 million and expenditures for property, plant and equipment of $56.3 million.

For the first nine months of 2024, the net cash used by investing activities primarily related to purchases of short-term investments of $190.6 million and expenditures for property, plant and equipment of $64.1 million, partially offset by proceeds from short-term investments of $236.5 million.

Net Cash Flow from Financing Activities

Net cash used by financing activities was $52.9 million for the first nine months of 2025 compared to $123.0 million for the same period of 2024, a change of $70.1 million.

For the first nine months of 2025, the net cash used by financing activities primarily consisted of repurchases of our Senior Secured Notes of $32.1 million, payments on our Secured Financing due 2025 and short-term financing of $19.3 million and $1.2 million for tax withholding obligations related to the vesting of equity awards.

For the first nine months of 2024, the net cash used by financing activities primarily consisted of repurchases of our 6.25% Senior Secured Notes of $92.2 million, payments on other long-term debt and short-term financing of $15.9 million and repurchases of $14.2 million of common stock.

Capitalization

The following table summarizes our total cash and cash equivalents, short-term investments, long-term debt and stockholders' equity as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
	(In Millions)	
Cash and cash equivalents	$ 28.0	$ 20.2
Short-term investments	124.0	164.0
Total cash, cash equivalents and short-term investments	$ 152.0	$ 184.2
Long-term debt:		
Revolving Credit Facility	$ —	$ —
Senior Secured Notes due 2028 (1)	446.1	478.4
Secured Financing due 2025 (2)	—	8.5
Finance Leases	6.5	3.9
Unamortized debt issuance costs (3)	(4.2)	(5.6)
Total long-term debt, including current portion, net	448.4	$ 485.2
Total stockholders' equity	504.6	$ 491.6

(1) See discussion contained in Note 4.

(2) During the third quarter of 2025, we made the final balloon payment of approximately $5 million on a $30 million 60-month secured financing arrangement with an affiliate of Eldridge Industries, L.L.C. ("Eldridge").

(3) Debt issuance costs as of September 30, 2025 and December 31, 2024 of approximately $0.5 million and $0.6 million, respectively, relating to our Revolving Credit Facility are not included in Unamortized debt issuance costs. These costs are included in our condensed consolidated balance sheets in Intangible and other assets, net.

We currently have a revolving credit facility pursuant to a credit agreement, dated December 21, 2023, between us and the lenders identified on the signature pages thereof and JPMorgan Chase Bank, N.A, as administrative agent (the "Revolving Credit Facility"), with a borrowing base up to an initial maximum of $75 million, with an option to increase the maximum by an additional $25 million (which amount is uncommitted). Availability under the Revolving Credit Facility is subject to a borrowing base and an availability block of $7.5 million which is applied against the $75 million initially reducing the maximum (which can be removed by us at our sole discretion, subject to the satisfaction of certain conditions). The Revolving Credit Facility provides for a sub-facility for the issuance of letters of credit in an aggregate amount not to exceed $10 million, with the outstanding amount of any such letters of credit reducing availability for borrowings. As of September 30, 2025, our Revolving Credit Facility was undrawn and had approximately $45 million of availability. See Note 4 for further discussion of the Revolving Credit Facility.

For the full year of 2025, we expect capital expenditures to be approximately $80 million, with spending focus on sustaining production, as well as growth initiatives.

From time to time, when the Company exceeds the funding threshold in our natural gas purchase commitments, the Company is required to fund cash collateral to our counterparty.

As of September 30, 2025, we had approximately $152.0 million of cash and short-term investments. From time to time, we may seek to deploy capital through common stock repurchases or the early redemption of outstanding debt. Such repurchases may be made in open market purchases, privately negotiated transactions or otherwise and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

We believe that the combination of our cash and cash equivalents, short-term investments, the availability under our Revolving Credit Facility and our cash flow from operations will be sufficient to fund our anticipated liquidity needs for the next twelve months. Additionally, we expect our long-term liquidity position will be sufficient to meet our long-term liquidity needs with cash flows from operations and financing arrangements. However, in the event of changes in business conditions or other developments, including a sustained market deterioration, unanticipated regulatory developments, significant acquisitions, competitive pressures, or to the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, we may need additional liquidity. To the extent we elect to finance our long-term liquidity needs, we believe that the potential financing capital available to us in the future will be sufficient.

Compliance with Long-Term Debt Covenants

As discussed in Note 4, the Revolving Credit Facility requires, among other things, that we meet a financial covenant. The Revolving Credit Facility does not include financial covenant requirements unless a defined covenant trigger event has occurred and is continuing. As of September 30, 2025, no trigger event had occurred.

Loan Agreements

Senior Secured Notes due 2028 – LSB had $446.1 million aggregate principal amount of Senior Secured Notes outstanding as of September 30, 2025. Interest is to be paid semiannually in arrears on May 15th and October 15th. The Senior Secured Notes mature on October 15, 2028.

Secured Financing due 2025 – During the third quarter of 2025, we made the final balloon payment of approximately $5 million on a 60-month, $30 million secured financing arrangement with an affiliate of Eldridge.

Revolving Credit Facility – At September 30, 2025, our Revolving Credit Facility was undrawn and had approximately $45 million of availability, based on our eligible collateral, less outstanding letters of credit as of that date. Also see discussion above under "Compliance with Long-Term Debt Covenants."

Finance Leases – Our finance leases consist primarily of leases on railcars. Most of our railcar leases are classified as operating leases.

Capital Expenditures – First Nine Months of 2025

For the first nine months of 2025, capital expenditures relating to property, plant and equipment were $56.3 million. The capital expenditures were funded primarily from cash and working capital.

See discussion above under "Capitalization" for our total expected capital expenditures for the remainder of 2025.

Equity and Debt Repurchases

In May 2023, our Board of Directors authorized a $150 million stock repurchase program. The program is intended as a means to maximize stockholder value by returning capital to stockholders. Under the repurchase program, we are authorized to purchase shares from time to time through open market or privately negotiated transactions. Such purchases may be made pursuant to Rule 10b5-1 plans or other means as determined by our management and in accordance with the requirements of the Securities and Exchange Commission (the "SEC"). The repurchase program does not obligate us to purchase any particular number or type of securities.

During the nine months ended September 30, 2025, we did not repurchase any of our shares of common stock. The repurchase program may be suspended, terminated or modified at any time for any reason.

During the nine months ended September 30, 2025, we repurchased $32.4 million in principal amount of our Senior Secured Notes for approximately $32.1 million, which was accounted for as an extinguishment of debt. The debt repurchase was intended as a means to deleverage our balance sheet and reduce future interest costs while maintaining a balanced capital allocation strategy that provides an appropriate level of liquidity to fund our operations and future growth opportunities.

Expenses Associated with Environmental Regulatory Compliance

We are subject to specific federal and state environmental compliance laws, regulations and guidelines. As a result, our expenses were $3.2 million for the first nine months ended September 30, 2025 in connection with environmental projects. For the remainder of 2025, we expect to incur expenses ranging from $0.9 million to $1.2 million in connection with additional environmental projects. However, it is possible that the actual costs could be significantly different than our estimates.

Seasonality

We believe sales of fertilizer products to the agricultural industry are seasonal, while sales into the industrial sectors generally are less susceptible to seasonal fluctuations. The selling seasons for fertilizer products are primarily during the spring and fall planting seasons, which typically extend from March through June and from September through November in the geographical markets where we distribute the majority of our fertilizer products. As a result, we typically increase our inventory of fertilizer products prior to the beginning of each planting season in order to meet the demand for our products. In addition, the amount and timing of sales to the agricultural markets depend upon weather conditions and other circumstances beyond our control.

Performance and Payment Bonds

We are contingently liable to sureties in respect of insurance bonds issued by the sureties in connection with certain contracts entered into by subsidiaries in the normal course of business. These insurance bonds primarily represent guarantees of future performance of our subsidiaries. As of September 30, 2025, we have agreed to indemnify the sureties for payments, up to $10.2 million, made by them in respect of such bonds.

New Accounting Pronouncements

Refer to Note 1 for recently issued accounting standards.

Critical Accounting Policies and Estimates

See "Critical Accounting Policies and Estimates," Item 7 of our Form 10-K for the year ended December 31, 2024, filed with the SEC on February 27, 2025 (the "2024 Form 10-K"). In addition, the preparation of financial statements requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosures of contingencies and fair values, including, but not limited to, various environmental and legal matters, including matters discussed under footnote A of Note 5.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. We establish valuation allowances if we believe it is more-likely-than-not that some or all of deferred tax assets will not be realized. Significant judgment is applied in evaluating the need for and the magnitude of appropriate valuation allowances against deferred tax assets.

It is also reasonably possible that the estimates and assumptions utilized as of September 30, 2025, could change in the near term. Actual results could differ materially from these estimates and judgments, as additional information becomes known.

Non-GAAP Financial Measures

Management uses adjusted gross profit as a supplemental measure to review and assess the performance of our core business operations and for planning purposes. We define adjusted gross profit as gross profit (loss) excluding depreciation and amortization and Turnaround expenses included in our cost of sales, which we believe are not reflective of our operating performance in a given period.

Adjusted gross profit is a metric that provides investors with greater transparency to the information used by management in its financial and operational decision-making. We believe this metric is useful to investors because it facilitates comparisons of our core business operations across periods on a consistent basis. Management believes that the non-GAAP measure presented in this Form 10-Q, when viewed in combination with our results prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), provides a more complete understanding of the factors and trends affecting our business and performance.

Adjusted gross profit is not a measure of financial performance under U.S. GAAP, and should not be considered a substitute for gross profit, which we consider to be the most directly comparable U.S. GAAP measure. Adjusted gross profit has limitations as an analytical tool, and when assessing our operating performance, investors should not consider adjusted gross profit in isolation, or as a substitute for gross profit prepared in accordance with U.S. GAAP. Adjusted gross profit may not be comparable to similarly titled measures of other companies and other companies may not calculate such measure in the same manner as we do.

The following table reconciles gross profit to adjusted gross profit.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In Thousands)		(In Thousands)	
Reconciliation of Gross Profit (Loss) to Adjusted Gross Profit:				
Gross profit (loss)	25,543	(7,945)	63,100	41,748
Depreciation and amortization	19,348	16,664	60,027	52,512
Turnaround expenses	1,087	16,284	5,722	20,638
Adjusted gross profit	45,978	25,003	128,849	114,898

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Item 3. Quantitative and Qualitative Disclosures about Market Risk

General

Our results of operations and operating cash flows are impacted by changes in market prices of ammonia and natural gas and changes in market interest rates.

Forward Sales Commitments Risk

Periodically, we enter into forward firm sales commitments for products to be delivered in future periods. As a result, we could be exposed to embedded losses should our product costs exceed the firm sales prices at the end of a reporting period. At September 30, 2025, we had no embedded losses associated with sales commitments with firm sales prices.

Commodity Price Risk

A substantial portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Since we are exposed to commodity price risk, we periodically enter into contracts to purchase natural gas for anticipated production needs to manage risk related to changes in prices of natural gas commodities. Generally, these contracts are considered normal purchases because they provide for the purchase of natural gas that will be delivered in quantities expected to be used over a reasonable period of time in the normal course of business, and as such, are exempt from derivative accounting requirements. At September 30, 2025, we had no outstanding natural gas contracts which are subject to derivative accounting requirements.

Interest Rate Risk

We may be exposed to variable interest rate risk with respect to our Revolving Credit Facility when there are outstanding borrowings. As of September 30, 2025, we had no outstanding borrowings on this credit facility and no other variable rate borrowings. We currently do not hedge our interest rate risk associated with our variable interest loan.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rule 13a-15 under the Exchange Act designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2025. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2025, at the reasonable assurance level. There were no changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained within this report may be deemed "Forward-Looking Statements" within the meaning of U.S. federal securities laws. All statements in this report other than statements of historical fact are Forward-Looking Statements that are subject to known and unknown risks, uncertainties and other factors, many of which are difficult to predict or outside of the Company's control, which could cause actual results and performance of the Company to differ materially from those expressed in, or implied or projected by, such statements. Any such Forward-Looking Statements are not guarantees of future performance. The words "believe," "expect," "anticipate," "intend," "plan," "may," "could," and similar expressions identify Forward-Looking Statements. All Forward-Looking Statements speak only as of the date on which they are made. Forward-Looking Statements contained herein include, but are not limited to:

- our ability to invest in projects that will generate the best returns for our stockholders;
- our future liquidity outlook;
- the outlook of our chemical products and related markets;
- our ability to successfully leverage our existing business platform and portfolio of assets to produce low carbon products and execute our advanced low carbon ammonia initiatives, including our strategy to become a leader in the energy transition in the chemical industry;
- the amount, timing and effect on the nitrogen market from current nitrogen expansion projects;
- the effect from the lack of non-seasonal volume;
- our belief that competition is based upon service, price, location of production and distribution sites, and product quality and performance;
- the outlook for the industrial end markets;
- the availability of raw materials;
- our ability to broaden the distribution of our products, including our ability to leverage our nitric acid production capacity at our El Dorado Facility;
- our expectations regarding future ammonia pricing;
- the result of our product and market diversification strategy;
- changes in domestic fertilizer production;
- the increasing output, capacity and production volumes of our existing production facilities;
- our ability to moderate risk inherent in agricultural markets;
- the sources to fund our cash needs and how this cash will be used;
- the ability to enter into the additional borrowings;
- the anticipated cost and timing of our capital projects;
- certain costs covered under warranty provisions;
- our ability to pass to our customers cost increases in the form of higher prices;
- our belief as to whether we have sufficient sources for materials and components;
- annual natural gas requirements;
- the development of the market and demand for low carbon ammonia;
- compliance by our facilities with the terms of our permits;
- the costs of compliance with environmental laws, health laws, security regulations and transportation regulations;
- our belief as to when Turnarounds will be performed and completed;
- expenses in connection with environmental projects;
- the effect of litigation, legal actions and other contingencies on our business, financial condition, results of operations or cash flows, including the potential financial penalties associated with the NOV from ADEQ regarding wastewater discharges from our El Dorado Facility;
- our ability to comply with debt servicing and covenants, including our beliefs as to whether we can meet all required covenant tests for the next twelve months;
- our ability to meet debt maturities or redemption obligations when due; and
- the impact of our repurchase program on our stock price and cash reserves.

While we believe, the expectations reflected in such Forward-Looking Statements are reasonable, we can give no assurance such expectations will prove to have been correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this report, including, but not limited to, the following:

- changes in general economic conditions, both domestic and foreign;

- material reductions in revenues;
- material changes in interest rates;
- our ability to collect in a timely manner a material amount of receivables;
- increased competitive pressures;
- changes in federal, state and local laws and regulations, or in the interpretation of such laws and regulations;
- changes in laws, regulations or other issues related to climate change;
- releases of pollutants into the environment exceeding our permitted limits;
- material increases in equipment, maintenance, operating or labor costs not presently anticipated by us;
- the requirement to use internally generated funds for purposes not presently anticipated;
- the inability to secure additional financing for planned capital expenditures or financing obligations due in the near future;
- our substantial existing indebtedness;
- material changes in the cost of natural gas and certain precious metals;
- limitations due to financial covenants;
- changes in competition;
- the loss of any significant customer;
- increases in cost to maintain internal control over financial reporting;
- changes in operating strategy or development plans;
- an inability to fund the working capital and expansion of our businesses;
- changes in the production efficiency of our facilities;
- adverse results in our contingencies including pending litigation;
- unplanned downtime at one or more of our facilities;
- changes in production rates at any of our facilities;
- an inability to obtain necessary raw materials and purchased components;
- material increases in cost of raw materials;
- material changes in our accounting estimates;
- significant problems within our production equipment;
- fire or natural disasters;
- an inability to obtain or retain our insurance coverage;
- difficulty obtaining necessary permits;
- difficulty obtaining third-party financing;
- risks associated with proxy contests initiated by dissident stockholders;
- changes in fertilizer production;
- reduction in acres planted for crops requiring fertilizer;
- decreases in duties for products we sell resulting in an increase in imported products into the United States;
- adverse effects from regulatory policies, including tariffs;
- geopolitical concerns;
- volatility of natural gas prices;
- price increases resulting from increased inflation;
- weather conditions, including the effects of climate change;
- increases in imported agricultural products;
- global supply chain disruptions;
- other factors described in *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in this report; and
- other factors described in *Item 1A. Risk Factors* in our Form 10-K for the year ended December 31, 2024.

Given these uncertainties, all parties are cautioned not to place undue reliance on such Forward-Looking Statements. Except to the extent required by law, we disclaim any obligation to update any such factors or to publicly announce the result of any revisions to any of the Forward-Looking Statements contained herein to reflect future events or developments.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time subject to various legal proceedings and claims arising in the ordinary course of business. For further discussion of our legal matters, see “Note 5. Commitments and Contingencies—Legal Matters” in the notes to the Condensed Consolidated Financial Statements in this report.

Item 1A. Risk Factors

Reference is made to Item 1A of our 2024 Form 10-K filed with the SEC on February 27, 2025. Except as set forth below, there were no material changes from the risk factors disclosed in our 2024 Form 10-K.

Our business and customers are sensitive to adverse economic cycles and a prolonged deterioration of global market and economic conditions could have a material adverse effect on our business, financial condition, results of operations and cash flow.

From time to time, our business is affected by cyclical factors such as inflation, currency exchange rates, global energy policy and costs, regulatory policies (including tariffs), global market conditions and economic downturns in specific industries. Certain sales are sensitive to the level of activity in the agricultural, mining, automotive and housing industries. Therefore, substantial changes in these macroeconomic factors could adversely affect our operating results, liquidity, financial condition and capital resources.

A slowdown of, or persistent weakness in, economic activity caused by a deterioration of global market and economic conditions could adversely affect our business in the following ways, among others: conditions in the credit markets could impact the ability of our customers and their customers to obtain sufficient credit to support their operations; the failure of our customers to fulfill their purchase obligations could result in increases in bad debts and affect our working capital; and the failure of certain key suppliers could increase our exposure to disruptions in supply or to financial losses. We also may experience declining demand and falling prices for some of our products due to our customers’ reluctance to replenish inventories. The overall impact of a global economic downturn or reduced overall global trade on us is difficult to predict, and our business could be materially adversely impacted.

In addition, conditions in the international market for nitrogen fertilizer significantly influence our operating results. The international market for fertilizers is influenced by such factors as the relative value of the U.S. currency and its impact on the importation of fertilizers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets and other regulatory policies (including tariffs) of foreign governments, as well as the U.S. laws and policies affecting foreign trade and investment.

For example, the U.S. government recently announced and, in some cases, implemented tariffs on certain products from various countries, which resulted in certain affected countries imposing or threatening to impose retaliatory or reciprocal tariffs on products from the U.S., including agricultural products such as corn. The trade policies and tariff initiatives of the current Presidential administration could adversely affect certain markets within which we operate. Specifically, the imposition of tariffs on agricultural products, including any retaliatory or reciprocal tariffs imposed by other countries, could impact the selling prices of our products or the cost of imported components or equipment used in our capital activities. In addition, such policies could lead to reduced demand for agricultural and consumer products, increase input costs for our customers, and disrupt supply chains.

The ultimate impact of changing trade policies on our business will depend on various factors, including the magnitude, duration and nature of tariffs. While we actively monitor these developments, we may not be able to fully mitigate the adverse impact of potential tariff initiatives or other trade-related disruptions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Adoption of 10b5-1 Trading Plans by Our Officers and Directors

Barry H. Golsen, Member of the Board of Directors

On September 4, 2025, Barry H. Golsen, a member of our board of directors, entered into Rule 10b5-1 trading plans for the benefit of certain trusts of which he is the trustee, that are intended to satisfy the affirmative defense of Rule 10b5-1(c) and provide that Mr. Golsen, acting through a broker, may sell up to an aggregate of 582,172 shares of our common stock, subject to adjustments for stock splits, stock combinations, stock dividends and other similar changes to our common stock. Sales of shares under the plans may only occur from December 4, 2025 to December 1, 2027. The plans are scheduled to terminate on December 1, 2027, subject to earlier termination upon the sale of all shares subject to the applicable plan or the expiration of all sale orders under the plan, upon termination by Mr. Golsen or the broker, or as otherwise provided in the plans.

Other than as described above, during the three months ended September 30, 2025, none of the Company's directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

See "Index to Exhibits" on page 36.

Index to Exhibits Item 6.

Exhibit Number	Exhibit Title	Incorporated by Reference to the Following
3(i).1	Restated Certificate of Incorporation of LSB Industries, Inc., dated January 21, 1977, as amended August 27, 1987	Exhibit 3(i).1 to the Company's Form 10-K filed on February 28, 2013
3(i).2	Certificate of Amendment to the Restated Certificate of Incorporation of LSB Industries, dated September 23, 2021	Exhibit 3(i).2 to the Company's Registration Statement on Form S-3 filed on November 16, 2021
3(ii).1	Second Amended and Restated Bylaws of LSB Industries, Inc., as amended by the December 17, 2024 amendment	Exhibit 3(ii).1 to the Company's Form 10-K filed February 27, 2025
31.1(a)	Certification of Mark T. Behrman, Chief Executive Officer, pursuant to Sarbanes-Oxley Act of 2002, Section 302	
31.2(a)	Certification of Cheryl A. Maguire, Chief Financial Officer, pursuant to Sarbanes-Oxley Act of 2002, Section 302	
32.1(a)(b)	Certification of Mark T. Behrman, Chief Executive Officer, furnished pursuant to Sarbanes-Oxley Act of 2002, Section 906	
32.2(a)(b)	Certification of Cheryl A. Maguire, Chief Financial Officer, furnished pursuant to Sarbanes-Oxley Act of 2002, Section 906	
101.INS(a)	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH(a)	Inline XBRL Taxonomy Extension Schema Document	
101.CAL(a)	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF(a)	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB(a)	Inline XBRL Taxonomy Extension Labels Linkbase Document	
101.PRE(a)	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104(a)	Cover Page Interactive Data File (embedded within the Inline XBRL document)	

(a) Filed herewith or furnished herewith.

(b) The certifications attached as Exhibits 32.1 and 32.2 are not deemed "filed" with the SEC and are not to be incorporated by reference into any filing of LSB Industries, Inc. under the Securities Act of 1933, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has caused the undersigned, duly authorized, to sign this report on its behalf on this 30th day of October 2025.

LSB INDUSTRIES, INC.

/s/ Cheryl A. Maguire

Cheryl A. Maguire
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Mark T. Behrman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LSB Industries, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in this case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2025

/s/ Mark T. Behrman

Mark T. Behrman
President, Chief Executive Officer
and Chairman of the Board of Director

Exhibit 31.2

CERTIFICATION

I, Cheryl A. Maguire, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LSB Industries, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in this case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2025

/s/ Cheryl A. Maguire
Cheryl A. Maguire
Executive Vice President
and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of LSB Industries, Inc. (“LSB”) on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”). I, Mark T. Behrman, President and Chief Executive Officer of LSB, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LSB.

/s/ Mark T. Behrman
Mark T. Behrman
President, Chief Executive Officer
(Principal Executive Officer) and
Chairman of the Board of Director

October 30, 2025

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. §1350 subject to the knowledge standard contained therein, and not for any other purpose.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of LSB Industries, Inc. (“LSB”) on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Cheryl A. Maguire, Executive Vice President and Chief Financial Officer of LSB, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LSB.

/s/ Cheryl A. Maguire
Cheryl A. Maguire
Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

October 30, 2025

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. §1350 subject to the knowledge standard contained therein and not for any other purpose.