Q4 2021 Earnings Presentation

February 24, 2022

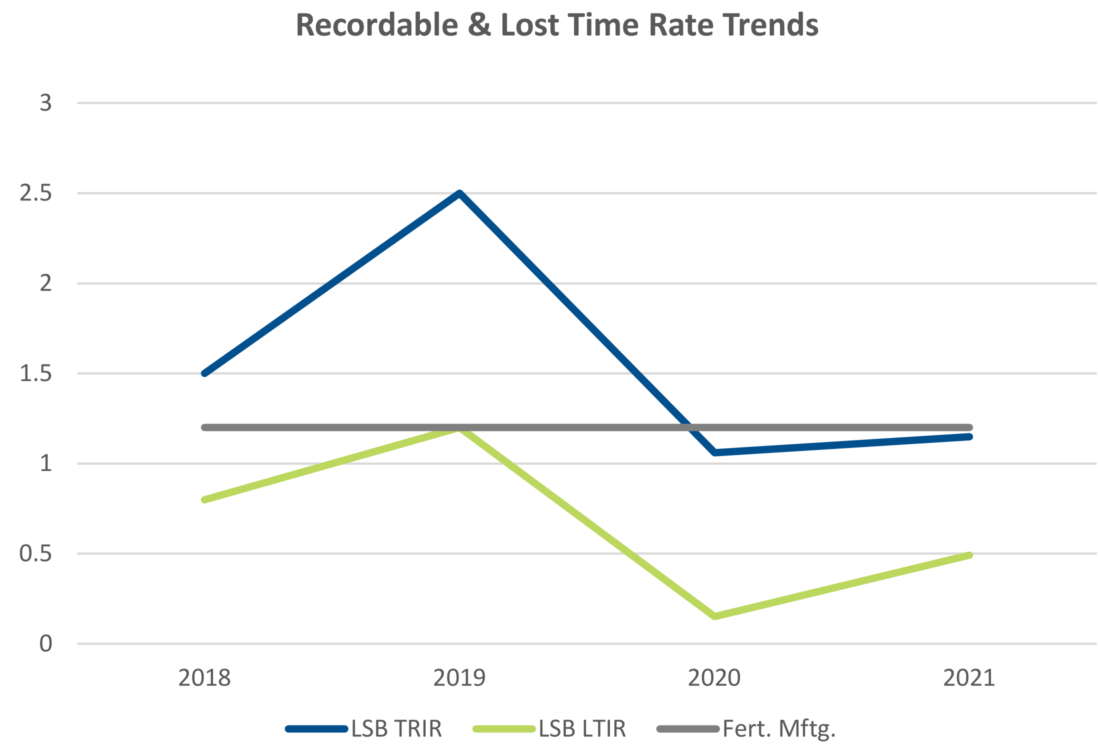
LSB INDUSTRIES

Forward-Looking Statements

- Statements in this presentation that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company's filings with the Securities and Exchange Commission (SEC).
- Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.

Employee Safety Is Our Top Priority – Goal Zero

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



Q4'21 Overview – Record Performance, Significant Momentum Into 2022

	Q4'21	Q4'20
Net Sales	$190.2 M	$88.9 M
Adjusted EBITDA[1]	$90.1 M	$10.4 M
Adjusted EBITDA Margin[1]	47.5%	11.7%
Adjusted EPS[1]	$0.72	($0.49)

- Net sales up 114% year over year driven by higher selling prices and continued strong plant operations
- Record Q4 Adjusted EBITDA of $90.1M - an increase of 766% year over year
- Adjusted EBITDA Margin of 47.4% compared to 11.7% in the fourth quarter of 2020
- Total liquidity at 12/31/21 of $143M; over $180M through today; TTM Net debt/Adjusted EBITDA of 2.3X at 12/31/21
- Completed debt refinancing leading to significant reduction in cost of capital and increase in liquidity
- Robust market conditions and solid operating performance expected to continue throughout 2022 and into 2023

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

Agricultural Market Overview [1]

- Corn is currently trading above $6.50/bushel and is expected to remain in this range well into 2022
  - Rebound in the production of ethanol (~40% of total annual U.S. corn use) as miles driven have returned to near pre-pandemic levels
  - Soaring European gas prices forcing producers to curtail nitrogen production, limiting supply, with analysts estimating that more than half of European ammonia production is being impacted
  - Drought conditions in South America and the Western U.S. have reduced global corn supply
- Robust pricing for nitrogen products has continued into Q1'22 and is expected to remain at elevated levels throughout 2022 and into 2023
  - Tampa ammonia price for February settled at $1,135/mt, the highest levels on record as global prices continue to increase
  - Nola UAN benchmark pricing remains strong at over $500/ton

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

Strong Industrial and Mining Fundamentals

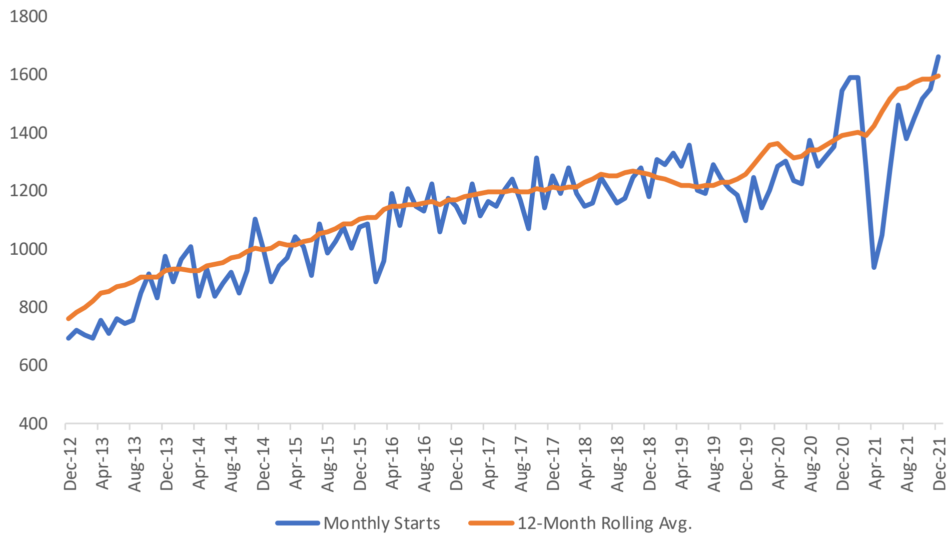
Industrial

- U.S. Federal Reserve data indicates that new housing starts sit near 15-year highs and on a rolling twelve-month basis are at their highest in over ten years
- Pent up U.S. demand for new autos resulting from microprocessor shortage in 2021 likely to ease in 2022 translating into increased auto manufacturing
- Full year 2022 GDP expansion of 3.5%, as forecast by The Conference Board, represents a healthy rate of economic growth

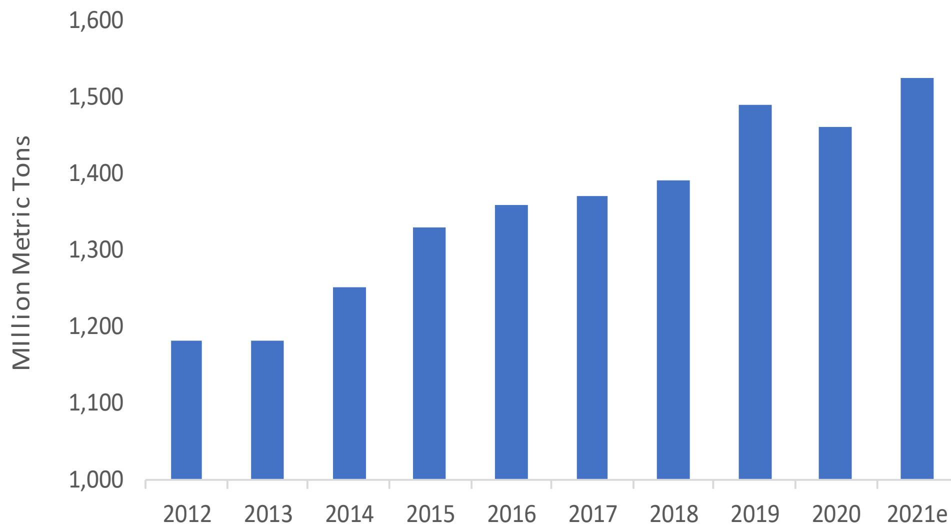
Mining

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

US New Housing Starts [1]
(thousands)



U.S. Crushed Stone Production [2]



(1) Housing starts obtained from Federal Reserve Economic Data
(2) Crushed stone production obtained from USGS.gov

LSB Consolidated Financial Highlights

$ in millions

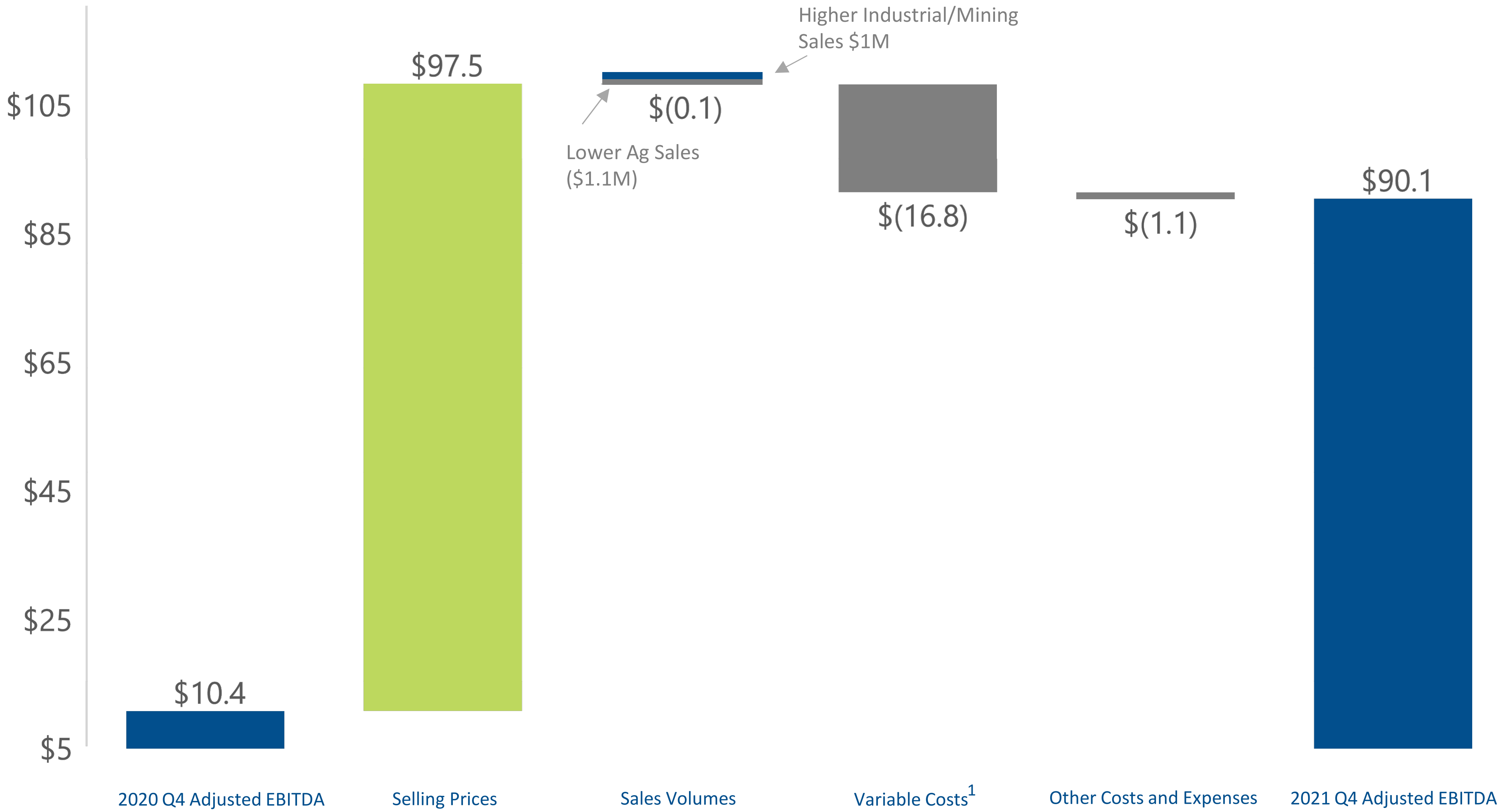
	4Q 2021	4Q 2020	YTD 12/31/21	YTD 12/31/20	
Sales	$190.2	$88.9	$556.2	$351.3	Sales increase driven by higher pricing
Adjusted Gross Profit (1)	$96.9	$14.2	$217.6	$81.0	Higher selling prices partially offset by higher gas and other raw material costs
Operating Income/(Loss)	$69.7	($10.2)	$101.0	($15.5)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

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

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

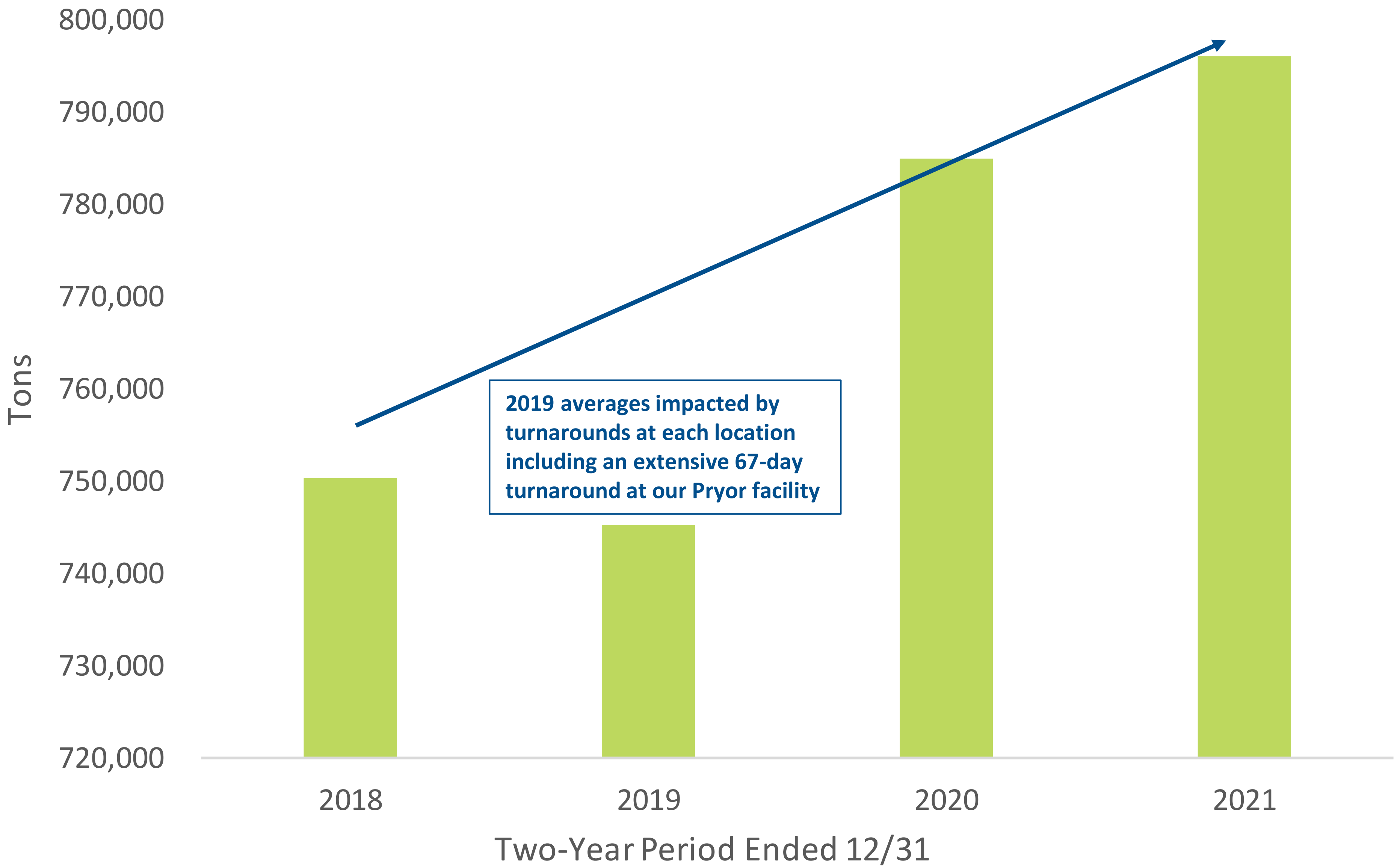
Fourth Quarter – 2021 vs. 2020

$ in millions



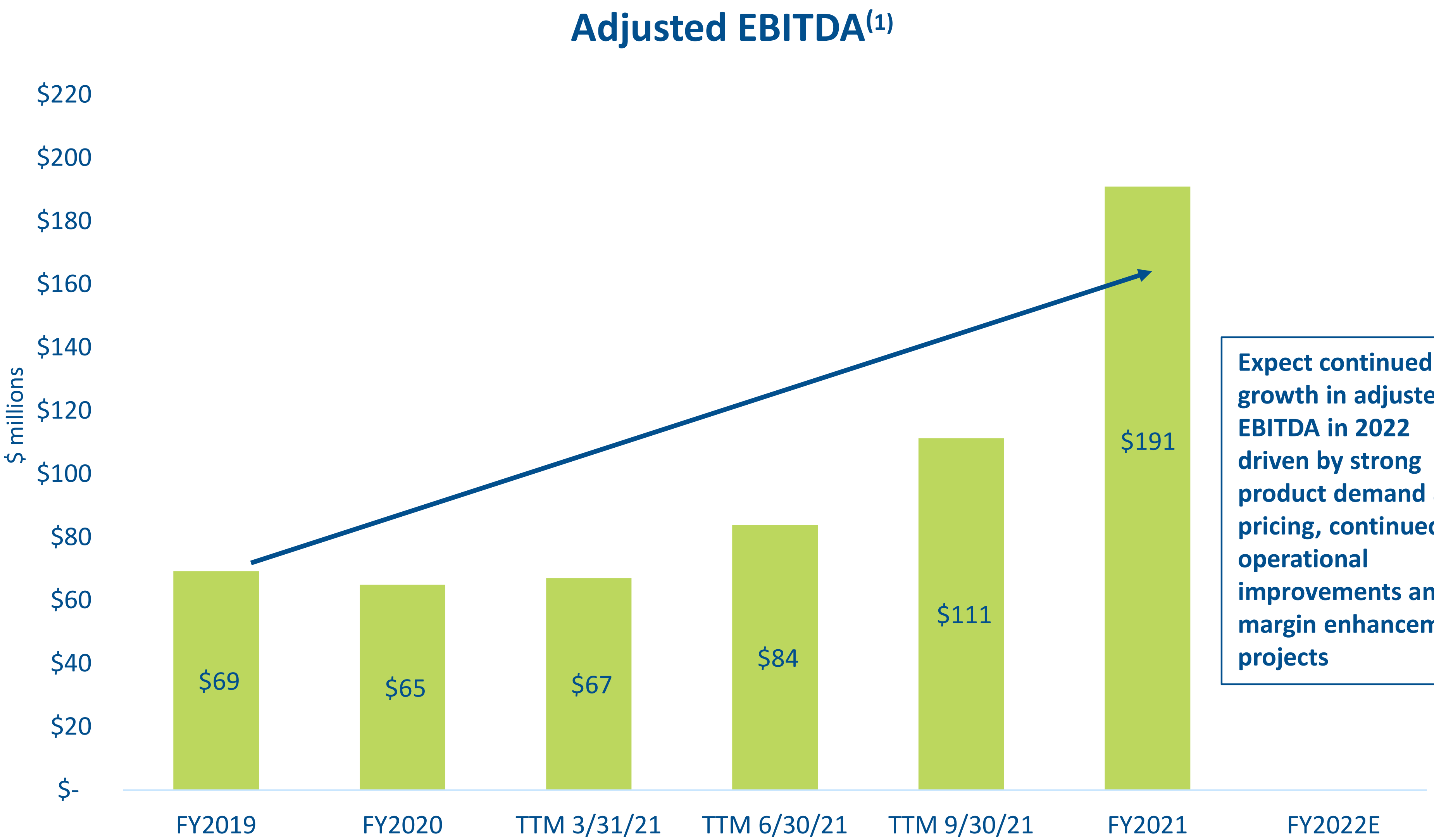
(1) Primarily impact of higher natural gas and Sulfur raw material costs.

Two-Year Rolling Average Annual Ammonia Production (1)



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

Strong Bottom Line Improvement



Expect continued growth in adjusted EBITDA in 2022 driven by strong product demand and pricing, continued operational improvements and margin enhancement projects

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

2022 Outlook

Operating:	2022	2021
Ammonia Production (tons):	770,000 - 790,000	765,000
Turnarounds:		
El Dorado	24 Days	-
Cherokee	-	40 Days
Pryor	30 Days	-
Capex:		
Reliability/EH&S/Maintenance	$50.0 million	$29.0 million
Margin Enhancement	$15.0 million	$6.1 million

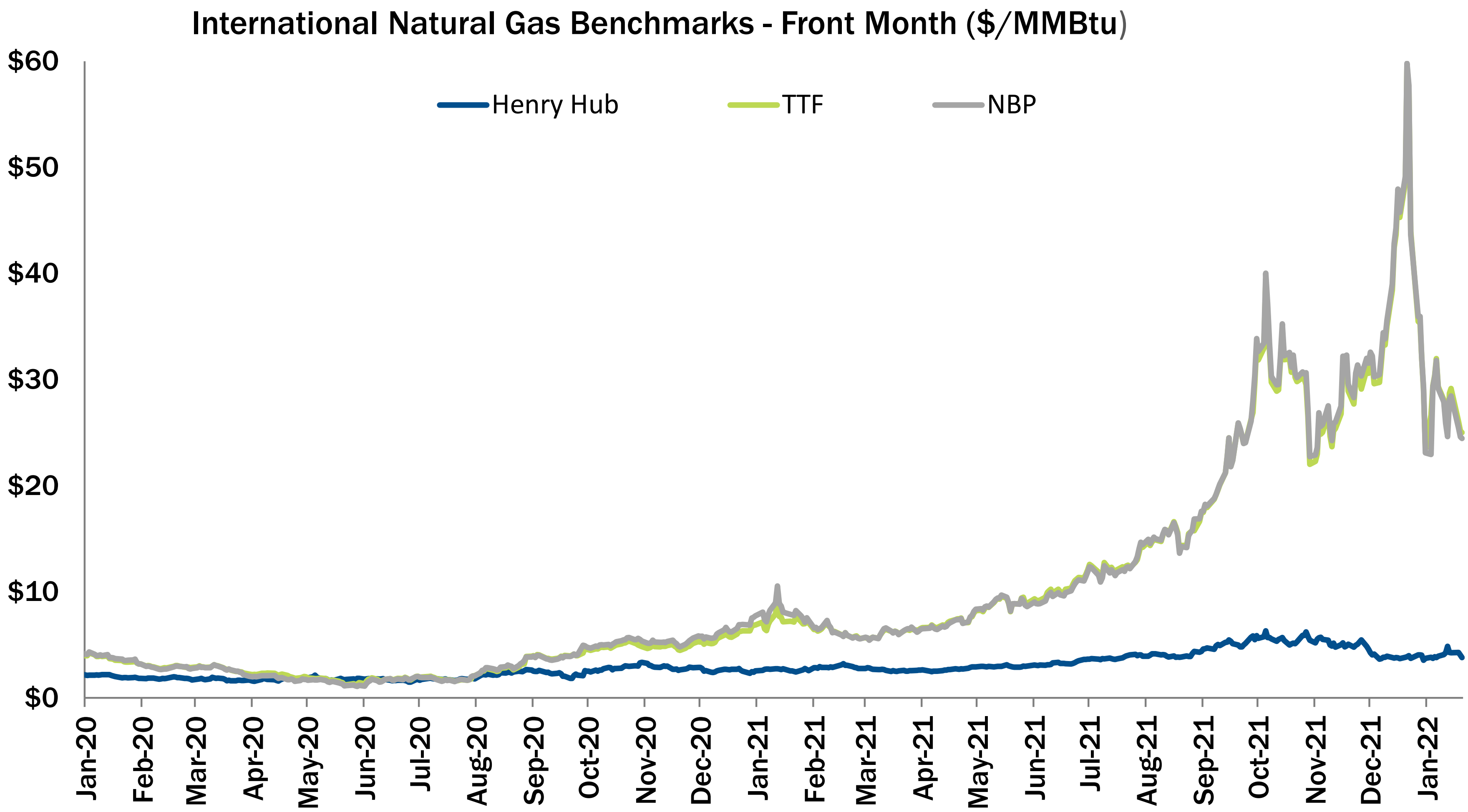
Sales Volume:	Full Year 2022 Sales (Budget tons)	Full Year 2021 Sales (tons)
Agriculture:		
UAN	450,000 - 470,000	440,000
HDAN	220,000 - 240,000	266,000
Ammonia	50,000 - 70,000	70,000
Industrial, Mining and Other:		
Ammonia	230,000 - 250,000	234,000
Nitric Acid and Other Mixed Acids	430,000 - 450,000	442,000
Sulfuric Acid	135,000 - 155,000	136,000

2022 Outlook

Financial (Full Year):	
Variable Plant Expenses:	
Natural gas feedstock costs	30 – 33 MMBtu/ton of ammonia
Electricity	3.0% – 5.0% of sales
Catalyst expense (burnoff)	1.0% – 3.0% of sales
Freight	5.0% – 7.0% of sales
Other purchased products (primarily Ag Centers)	1.0% – 3.0% of sales
Other expenses	0.5% – 1.5% of sales

Financial (Full Year):	
Fixed Plant Expenses (Ex-Depreciation):	$105 million – $110 million
Logistics/ Rail Car Lease Expense:	$10 million – $15 million
SG&A:	$30 million – $35 million
Depreciation Expense:	$65 million – $70 million
Turnaround Expense:	$15 million – $20 million
Interest Expense:	$35 million – $40 million

Increasing Global Energy Price Spreads



2022 Growth Initiatives

Becoming Best in Class Operator

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

Optimizing Product Mix

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

Advancing Low CO_2 and Clean Energy Strategy

- Evaluating Blue Ammonia projects to sequester C02, with attractive economics
- Assessing Green Ammonia projects to produce ammonia using zero CO2 feedstock and energy

Pursuing Accretive Acquisitions

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

Low Carbon Ammonia Represents Sizeable Opportunity

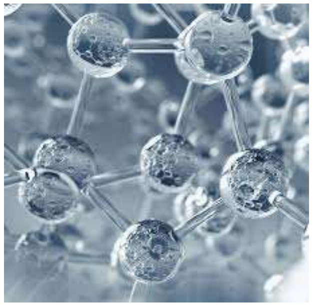
As an existing ammonia producer, LSB is well positioned to lever its assets and knowledge to capitalize on potential blue and green ammonia opportunities.

Blue Ammonia

- CO_2 emissions from reforming or gasification processes used in conventional ammonia production are captured and permanently sequestered
- Creates opportunity to sell low carbon ammonia to existing agricultural, industrial and mining customers and future ammonia to fuel customers, at premium pricing

Green Ammonia

- Produced using carbon free/renewable feedstock, specifically hydrogen from water electrolysis and nitrogen separated from the air, rather than using natural gas or coal, resulting in a zero CO_2 emission process
- Ammonia's potential as an energy carrier or direct fuel raises demand forecasts to multiple billion tons annually at premium pricing



Current projected timeline for evaluation of projects at LSB facilities:

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

Appendix

EBITDA Reconciliation

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

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation and amortization (D&A) (which includes D&A of property, plant and equipment and amortization of intangible and other assets), plus provision (or less benefit) for income taxes. We believe that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to a similarly titled measure of other companies. The above table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of one time/non-cash or non-operating items-such as, loss (gain) on sale of a business and other property and equipment, one-time income or fees, certain fair market value adjustments, non-cash stock-based compensation, and consulting costs associated with our reliability and purchasing initiatives. We historically have performed Turnaround activities on an annual basis, however we are moving towards extending Turnarounds to a two or three-year cycle. Rather than being capitalized and amortized over the period of benefit, our accounting policy is to recognize the costs as incurred. Given these Turnarounds are essentially investments that provide benefits over multiple years, they are not reflective of our operating performance in a given year. As a result, we believe it is more meaningful for investors to exclude them from our calculation of adjusted EBITDA used to assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The above table provides reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash, non-recurring, non-operating items that are greater than $0.5 million quarterly or cumulatively.

EBITDA Reconciliation - TTM

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

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation and amortization (D&A) (which includes D&A of property, plant and equipment and amortization of intangible and other assets), plus provision (or less benefit) for income taxes. We believe that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to a similarly titled measure of other companies. The above table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of one time/non-cash or non-operating items-such as, loss (gain) on sale of a business and other property and equipment, one-time income or fees, certain fair market value adjustments, non-cash stock-based compensation, and consulting costs associated with our reliability and purchasing initiatives. We historically have performed Turnaround activities on an annual basis, however we are moving towards extending Turnarounds to a two or three-year cycle. Rather than being capitalized and amortized over the period of benefit, our accounting policy is to recognize the costs as incurred. Given these Turnarounds are essentially investments that provide benefits over multiple years, they are not reflective of our operating performance in a given year. As a result, we believe it is more meaningful for investors to exclude them from our calculation of adjusted EBITDA used to assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The above table provides reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash, non-recurring, non-operating items that are greater than $0.5 million quarterly or cumulatively.

EPS Reconciliation

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

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

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

Gross Profit Reconciliation

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

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

(2) Represents amount classified as cost of sales.

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