



Q1 2023 EARNINGS PRESENTATION

MAY 3, 2023

Forward-looking statements

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

Q1'23 Overview – Healthy Volume Increase Offset by Lower Prices

	Q1'23	Q1'22
Net Sales	\$181 M	\$199 M
Adjusted EBITDA ¹	\$51 M	\$101 M
Adjusted EBITDA Margin ¹	28%	51%
EPS	\$0.21	\$0.66
Adjusted EPS ¹	\$0.25	\$0.69

- Strong safety performance with no recordable incidents in Q1'23 and TRIR of <1 for TTM 3/31/23
- Sales volume increased by 6% as a result of strong plant operations and successful commercial initiatives
- Net sales down 9% year over year due to lower product selling prices partially offset by increased production and sales volumes
- Adjusted EBITDA of \$51 M with Adjusted EBITDA Margin of 28%
- Filed Class VI injection well permit for CO₂ sequestration

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

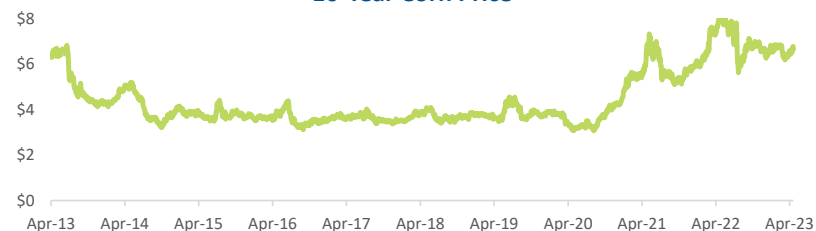
Market overview ⁽¹⁾

- **Corn price remains well above 10-year average level**
 - Drought conditions in South America and some regions of the U.S. impacted corn supply
 - US stock-to-usage of <10% below 10-year average

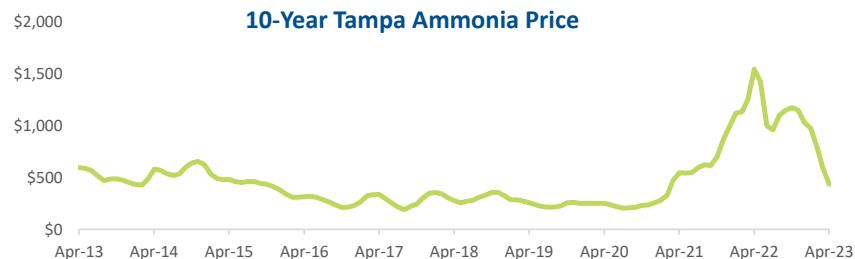
- **Nitrogen prices are firming up and are expected to have support at or above current levels for the remainder of 2023**
 - Ammonia inventories are high globally, but are correcting as China reopens from COVID shutdowns and industrial demand gradually recovers
 - North American planting season has begun with healthy demand supporting improved pricing outlook

- Demand remains steady for Industrial products with global producers shifting production from international facilities to U.S. operations due to lower U.S. input costs
- Strong demand for Mining products due to attractive market fundamentals for quarrying and aggregate production and U.S. metals demand

10-Year Corn Price



10-Year Tampa Ammonia Price



Spot Prices	April 28, 2023	April 28, 2022
Tampa Ammonia	\$380 / MT	\$1,425 / MT
UAN (NOLA)	\$275 / ST	\$625 / ST
Natural Gas (NYMEX Spot Price)	\$2.41/MMBtu	\$6.89/MMBtu

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

Solid balance sheet and cash flow

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

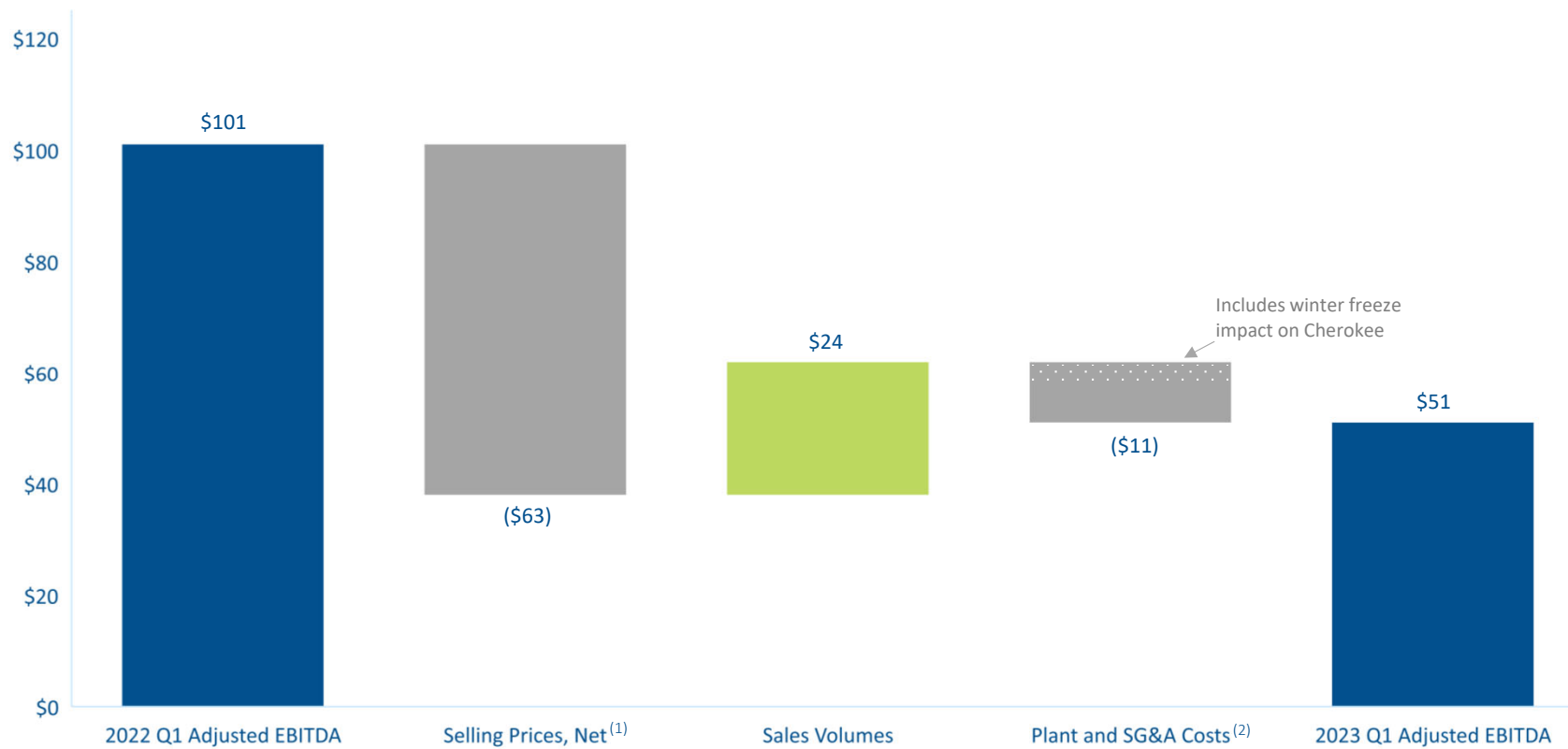
- Year-over-year increase of \$82 million in cash and short-term investments
- Net debt/TTM Adjusted EBITDA of <1X; well below 2.5X target level
- Continued strong free cash flow conversion

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

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

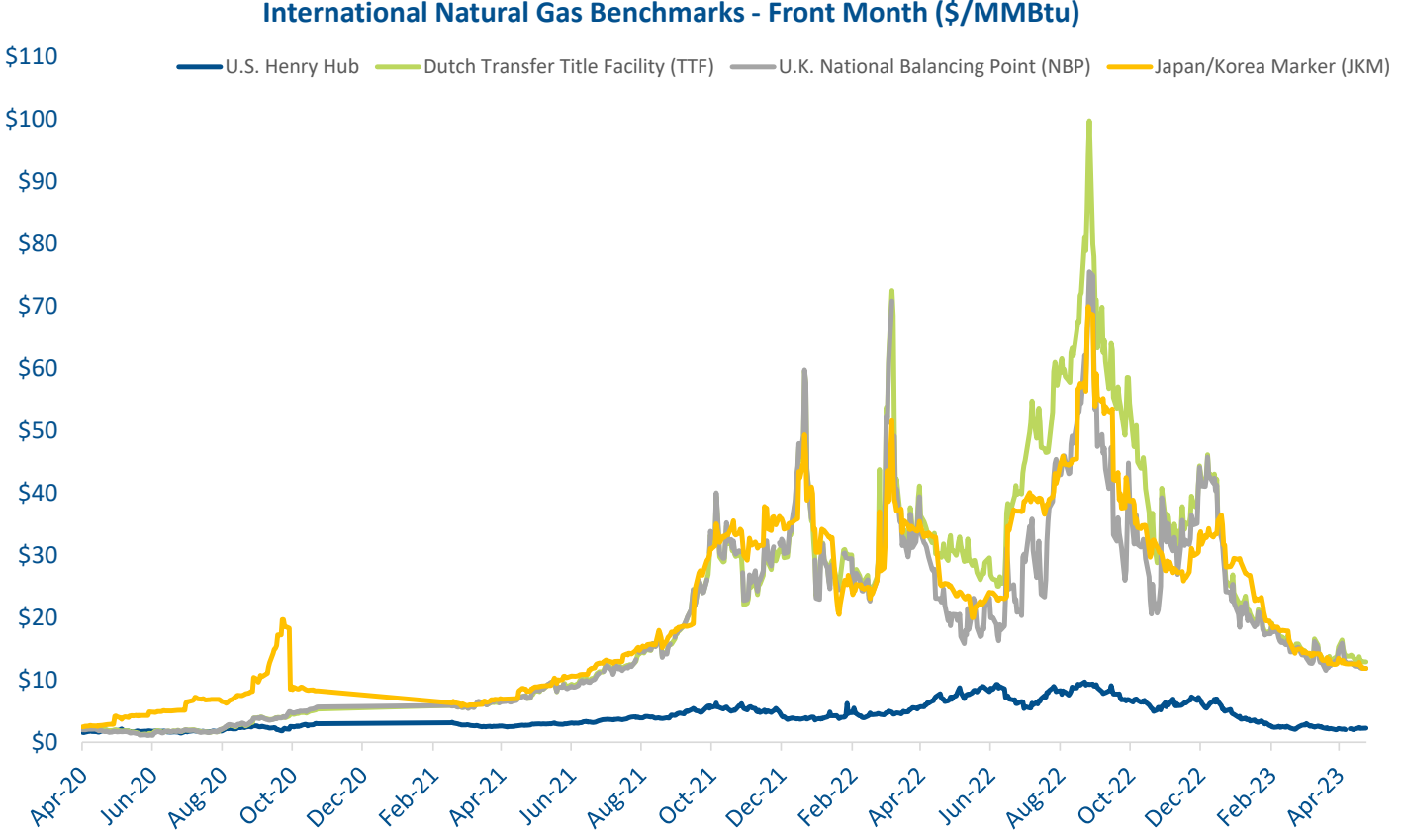
First quarter – 2023 vs. 2022

\$ in millions



(1) Selling prices includes approximately \$12 million impact of higher natural gas costs and \$1 million benefit from lower sulfur raw material costs
 (2) Primarily related to higher costs for supplies, materials, contractors, and talent combined with costs for several commercial and corporate initiatives

Global energy price spreads (1)



(1) Source: Gelber & Associates

Key growth initiatives

Achieving a culture of excellence

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

Pursue organic growth

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

Advancing low CO₂ & clean energy strategy

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

Pursue accretive acquisitions

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



Low carbon ammonia projects update

Blue Ammonia Project

- April 2022 agreement with Lapis Energy to develop a CO₂ capture and sequestration (CCS) project at El Dorado facility
- Project will capture and sequester >450,000 MT of CO₂
- Submitted EPA Class VI permit application on February 17, 2023
- On March 20, EPA deemed the Class VI permit application administratively complete and began the formal evaluation process
- Expect operations to start in mid-2025, subject to EPA permitting
- The carbon captured and permanently sequestered is expected to qualify for up to \$85 per metric ton in federal incentives under the Internal Revenue Code Section 45Q tax credits
- Expected to reduce LSB's scope 1 CO₂ emissions by 25%

Green Ammonia Project

- May 2022 agreements with Bloom Energy and thyssenkrupp Uhde to develop a project to produce zero-carbon or "green" ammonia at Pryor facility
- Continuing to work with several Engineering, Procurement and Construction firms for additional designs and cost estimates
- Once project design is selected and board approval granted, the project will move forward into FEED, detailed engineering, and construction
- Expected production of ~30,000 MT of green ammonia per year with reduction in Pryor's process CO₂ emissions by ~36,000 MT per year
- Electrolyzers will operate on renewable power from solar and wind facilities in Oklahoma
- The green hydrogen produced from the electrolyzers is expected to qualify for \$3 per kilogram in federal incentives under IRS Code section 45V tax credits



Appendix

Adjusted EBITDA reconciliation

<u>LSB Consolidated (\$ In Thousands)</u>	Three Months Ended	
	March 31,	
	2023	2022
Net income	\$ 15,901	\$ 58,766
Plus:		
Interest expense and interest income, net	8,731	9,955
Net loss on extinguishments of debt	—	113
Depreciation and amortization	17,604	17,507
Provision for income taxes	5,898	11,115
EBITDA⁽¹⁾	\$ 48,134	\$ 97,456
Stock-based compensation	719	803
Legal fees (Leidos)	273	342
Loss (gain) on disposal of assets	1,890	(46)
Turnaround costs	(6)	2,531
Adjusted EBITDA⁽²⁾	\$ 51,010	\$ 101,086

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

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

Adjusted EPS reconciliation

	Three Months Ended March 31,	
	2023	2022
Numerator:		
Net income	\$ 15,901	\$ 58,766
Adjustments:		
Stock-based compensation	719	803
Legal fees (Leidos)	273	342
Loss (gain) on disposal of assets	1,890	(46)
Turnaround costs	(6)	2,531
Net income, excluding adjustments	<u>\$ 18,777</u>	<u>\$ 62,396</u>
Denominator:		
Adjusted weighted-average shares for basic net income per share and for adjusted net income per share⁽¹⁾	75,807	88,421
Adjustment:		
Unweighted shares, including unvested restricted stock subject to forfeiture	409	1,691
Outstanding shares, net of treasury, at period end for adjusted net income per share, excluding other adjustments	<u>76,216</u>	<u>90,112</u>
Basic net income per common share	<u>\$ 0.21</u>	<u>\$ 0.66</u>
Net income per common share, excluding adjustments	<u>\$ 0.25</u>	<u>\$ 0.69</u>

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