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 March 31, 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 71,877,955 shares as of April 25, 2025.

FORM 10-Q OF LSB INDUSTRIES, INC.

TABLE OF CONTENTS

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Information at March 31, 2025 is unaudited)

	March 31, 2025	December 31, 2024
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 15,030	$ 20,230
Short-term investments	148,516	163,971
Accounts receivable	52,199	39,083
Allowance for doubtful accounts	(328)	(323)
Accounts receivable, net	51,871	38,760
Inventories:		
Finished goods	23,701	22,382
Raw materials	1,788	2,519
Total inventories	25,489	24,901
Supplies, prepaid items and other:		
Prepaid insurance	10,116	14,345
Precious metals	12,342	11,596
Supplies	32,405	31,995
Other	3,558	3,916
Total supplies, prepaid items and other	58,421	61,852
Total current assets	299,327	309,714
Property, plant and equipment, net	842,507	847,570
Other assets:		
Operating lease assets	33,002	28,727
Intangible and other assets, net	1,102	1,177
Total other assets	34,104	29,904
Total assets	$ 1,175,938	$ 1,187,188
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	58,854	83,498
Short-term financing	8,175	12,146
Accrued and other liabilities	44,687	30,874
Current portion of long-term debt	7,756	9,116
Total current liabilities	119,472	135,634
Long-term debt, net	478,174	476,163
Noncurrent operating lease liabilities	25,701	21,387
Other noncurrent accrued and other liabilities	456	456
Deferred income taxes	61,572	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	501,967	504,578
Retained earnings	206,022	207,662
	717,106	721,357
Less treasury stock, at cost:		
Common stock, 19.3 million shares (19.5 million shares at December 31, 2024)	226,543	229,717
Total stockholders' equity	490,563	491,640
Total liabilities and stockholders' equity	$ 1,175,938	$ 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 March 31,	
	2025	2024
	(In Thousands, Except Per Share Amounts)	
Net sales	$143,432	$138,204
Cost of sales	129,048	115,926
Gross profit	14,384	22,278
Selling, general and administrative expense	10,153	10,294
Other (income) expense, net	(237)	724
Operating income	4,468	11,260
Interest expense, net	8,064	9,729
(Gain) on extinguishment of debt	—	(1,134)
Non-operating other income, net	(1,673)	(3,561)
(Loss) income before income taxes	(1,923)	6,226
(Benefit) provision for income taxes	(283)	603
Net (loss) income	$(1,640)	$5,623
(Loss) income per common share:		
Basic:		
Net (loss) income	$(0.02)	$0.08
Diluted:		
Net (loss) income	$(0.02)	$0.08

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
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

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
	(In Thousands)	
Cash flows from operating activities		
Net (loss) income	$ (1,640)	$ 5,623
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income taxes	(336)	819
(Gain) on extinguishment of debt	—	(1,134)
Depreciation and amortization of property, plant and equipment	20,117	17,114
Amortization of short term investments	(69)	2,007
Stock-based compensation	1,733	1,394
Write-downs of property, plant and equipment	71	1,455
Other	192	466
Cash provided (used) by changes in operating assets and liabilities:		
Accounts receivable	(13,112)	(11,408)
Inventories	(338)	6,165
Prepaid insurance	4,229	4,078
Supplies, prepaid items and other	(1,552)	(116)
Accounts payable	(16,562)	(7,911)
Accrued interest	7,208	7,867
Customer deposits	10,211	1,495
Other assets and other liabilities	(3,316)	(3,807)
Net cash provided by operating activities	6,836	24,107
Cash flows from investing activities		
Expenditures for property, plant and equipment	(20,867)	(18,287)
Proceeds from short-term investments	64,561	100,878
Purchases of short-term investments	(49,037)	(34,689)
Other investing activities	72	—
Net cash (used) provided by investing activities	(5,271)	47,902
Cash flows from financing activities		
Repurchases of 6.25% Senior Secured Notes	—	(31,316)
Payments on other long-term debt	(1,624)	(1,443)
Payments on short-term financing	(3,971)	(4,379)
Acquisition of treasury stock, net	—	(5,397)
Taxes paid on equity awards	(1,170)	(1,766)
Payments of debt-related costs	—	(217)
Net cash used by financing activities	(6,765)	(44,518)
Net (decrease) increase in cash and cash equivalents	(5,200)	27,491
Cash and cash equivalents at beginning of period	20,230	101,032
Cash and cash equivalents at end of period	$ 15,030	$ 128,523

See accompanying notes to the unaudited condensed consolidated financial statements.

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 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 months ended March 31, 2025 and 2024 and the Company's financial position as of March 31, 2025.

Basis of Consolidation – LSB Industries, Inc. and its subsidiaries are consolidated in the accompanying unaudited condensed consolidated financial statements. All intercompany accounts and transactions have been eliminated. Certain prior period amounts reported in our unaudited condensed consolidated 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 ammonia, fertilizer grade ammonium nitrate ("HDAN") and urea ammonia nitrate ("UAN") for agricultural applications, 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 (the "Baytown Facility").

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 and we have no intention nor are we required to sell them prior 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 months ended March 31, 2025 and 2024, we recorded asset write-downs in the amount of $0.1 million and $1.5 million, respectively. These asset write-downs are included in Other expense (income), net on our condensed consolidated statements of operations.

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 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.

Since our leases generally do not provide an implicit rate, 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 (income) expense, net” in our condensed consolidated statements of operations. For the three months ended March 31, 2025 and 2024, sublease income was not material and $0.7 million, respectively. We also are the lessor of a portion of our vacant land and buildings located on our plant facilities.

As of March 31, 2025, we have executed operating leases and financing leases for railcars with lease terms greater than one year with aggregate lease payments of approximately $2.4 million and $1.6 million, respectively, which have 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 impacts 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.

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 (Loss) Income per Common Share

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
	(In Thousands, Except Per Share Amounts)	
Numerator:		
Net (loss) income	$ (1,640)	$ 5,623
Numerator for basic and diluted net (loss) income per common share	$ (1,640)	$ 5,623
Denominator:		
Denominator for basic net (loss) income per common share - adjusted weighted-average shares	71,837	72,842
Effect of dilutive securities:		
Unvested restricted stock and stock units	—	331
Dilutive potential common shares	—	331
Denominator for diluted net (loss) income per common share - adjusted weighted-average shares	71,837	73,173
Basic net (loss) income per common share	$ (0.02)	$ 0.08
Diluted net (loss) income per common share	$ (0.02)	$ 0.08

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Restricted stock and stock units	2,030,647	714,563
Stock options	—	13,000
	2,030,647	727,563

3. Accrued and Other Liabilities

	March 31, 2025	December 31, 2024
	(In Thousands)	
Accrued interest	$ 13,705	$ 6,230
Customer deposits	11,318	1,107
Current portion of operating lease liabilities	7,369	7,406
Accrued payroll and benefits	5,618	10,217
Other	7,133	6,370
	45,143	31,330
Less noncurrent portion	456	456
Current portion of accrued and other liabilities	$ 44,687	$ 30,874

4. Long-Term Debt

Our long-term debt consists of the following:

	March 31, 2025	December 31, 2024
	(In Thousands)	
Revolving Credit Facility (A)	$ —	$ —
Senior Secured Notes due 2028, with an interest rate of 6.25% (B)	478,440	478,440
Secured Financing due 2025, with an interest rate of 8.75% (C)	7,028	8,516
Finance Leases (D)	5,666	3,895
Unamortized debt issuance costs (1)	(5,204)	(5,572)
	485,930	485,279
Less current portion of long-term debt	7,756	9,116
Long-term debt due after one year, net	$ 478,174	$ 476,163

(1) Debt issuance costs as of March 31, 2025 and December 31, 2024 of approximately $0.6 million and $0.6 million, respectively, relating to our Revolving Credit Facility 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 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 March 31, 2025, our Revolving Credit Facility was undrawn and had approximately $40 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 the option of us, 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 our 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 March 31, 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 March 31, 2025. During the three months ended March 31, 2024, we repurchased $32.9 million in principal amount of our Senior Secured Notes for approximately $31.3 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 approximately $1.1 million during the three months ended March 31, 2024.

(C) In August 2020, we entered into a $30 million secured financing arrangement with an affiliate of Eldridge Industries, L.L.C. (“Eldridge”). Principal and interest are payable in 60 equal monthly installments with a final balloon payment of approximately $5 million due in August 2025.

(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 March 31, 2025, these contracts included volume purchase commitments with fixed prices of approximately 0.5 million MMBtus of natural gas that cover a period from April 2025 through June 2025. The weighted-average price of the natural gas covered by these contracts was $3.61 per MMBtu, for a total of $1.9 million. Based on strip prices at period end, the weighted-average market price of the fixed contracts was $3.61 per MMBtu for a total of $1.9 million.

Legal Matters - 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 March 31, 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 and the potential for financial penalties associated with the NOV. As of the date of this report, the ADEQ has provided no written indication or details regarding the financial penalty. No liability has been established as of March 31, 2025, in connection with this ADEQ matter.

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.

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 March 31, 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 Level 2.

Financial Instruments

At March 31, 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. 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.

	March 31, 2025		December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(In Millions)		
Senior Secured Notes [1]	$ 478	$ 459	$ 478	$ 461
Short-Term Investments	$ 149	$ 149	$ 164	$ 164

(1) Based on a quoted price of 96.0 at March 31, 2025 and 96.4 at December 31, 2024. Also see discussion in Note 4 (B).

7. Income Taxes

(Benefit) provision for income taxes is as follows:

	Three Months Ended March 31,	
	2025	2024
	(In Thousands)	
Current:		
Federal	$ —	$ —
State	53	(216)
Total Current	$ 53	$ (216)
Deferred:		
Federal	$ (208)	$ 985
State	(128)	(166)
Total Deferred	$ (336)	$ 819
(Benefit) provision for income taxes	$ (283)	$ 603

The tax benefit for the three months ended March 31, 2025, was $0.3 million (14.7% benefit on pre-tax loss). The tax provision for the three months ended March 31, 2024 was $0.6 million (9.7% provision on pre-tax income). For 2025, 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 taxes. For 2024, the effective tax rate was lower than the statutory tax rate primarily due to nondeductible compensation expense and state taxes.

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 $1.2 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.

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 March 31,	
	2025	2024
	(In Thousands)	
Net sales:		
AN & Nitric Acid	$ 57,618	$ 48,435
Urea ammonium nitrate (UAN)	43,865	41,192
Ammonia	33,272	39,530
Other	8,677	9,047
Total net sales	$ 143,432	$ 138,204

Other Information

For our contracts with a duration greater than one year at contract inception, the average remaining expected duration was approximately 34 months at March 31, 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. We had approximately $11.3 million and $1.1 million of contract liabilities as of March 31, 2025 and December 31, 2024, respectively. For the three months ended March 31, 2025 and 2024, revenues of approximately $35,000 and $0.1 million for each period were recognized and included in the balances as of December 31, 2024 and 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 March 31, 2025, we have 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. The remaining performance obligations total approximately $132.7 million, of which approximately 58% relates to 2025 through 2027, approximately 24% relates to 2028 through 2029, with the remainder thereafter.

9. Related Party Transactions

As of March 31, 2025, we had one 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:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
	(In Thousands)	
Cash payments (refunds) for:		
Interest on long-term debt and other, net of capitalized interest	$ 181	$ 1,271
Income taxes, net	$ —	$ (112)
Noncash investing and financing activities:		
Property, plant and equipment acquired and not yet paid at end of period	$ 18,891	$ 19,957
(Gain) on extinguishment of debt	$ —	$ (1,134)
Accounts payable associated with debt-related costs	$ —	$ 426

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 March 31, 2025	Three Months Ended March 31, 2024
	(In Thousands)	
Net sales	$143,432	$138,204
Less:		
Cost of sales excluding depreciation, amortization and turnaround expense	106,990	97,917
Depreciation and amortization	20,063	17,094
Turnaround expense	1,995	915
Total cost of sales	129,048	115,926
Selling, general and administrative		
Wages and benefits	6,219	6,143
Other selling general and administrative	3,934	4,151
Total selling general and administrative	10,153	10,294
Interest expense	8,064	9,729
(Gain) loss on extinguishments of debt	—	(1,134)
Loss from asset write-down and disposals	71	1,455
Income tax (benefit) provision	(283)	603
Other segment items (a)	(1,981)	(4,292)
Segment net (loss) income	(1,640)	5,623
Reconciliation of profit or loss		
Adjustments and reconciling items	—	—
Consolidated net (loss) income	$(1,640)	$5,623

(a) During the first quarter of 2025 and 2024, 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 "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 in Baytown, Texas (the "Baytown Facility"). Our products are sold through distributors and directly to end customers primarily throughout the U.S. 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 believe that our operational progress over the past several years represents proof that high safety standards not only enable us to protect what matters, which is the well-being of our employees, but also translates into improved plant performance. In 2025, we remain focused on our efforts to further the progress we have made with 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 success 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 plan to reevaluate these projects over the course of 2025 to determine our prospects of moving forward with one or more of them in the future.
- During 2024, we undertook several smaller projects that we expect to enhance our profitability during 2025. These projects include:
  - Construction of additional AN solution storage and new AN solution rail loading capability at our El Dorado Facility to significantly increase the volume of AN solution sales and increase product optionality at the site. We expect this project to be completed in the third quarter of 2025;
  - Construction of 5,000 tons of additional nitric acid storage at our El Dorado Facility was completed in the latter part of 2024 to help us optimize our product sales mix; and
  - Expansion of our urea capacity at our Pryor Facility, to enable to use a portion of the facility's ammonia output to upgrade to approximately 75,000 additional tons of UAN per year. This project was completed in late 2024 and we expect it to lead to increased UAN sales volumes during 2025.
- *Evaluate Acquisitions of Strategic Assets or Companies.* We may evaluate opportunities to acquire strategic assets or companies where we believe those acquisitions will enhance the value of the Company and provide attractive returns. We may 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.

Recent Business Developments

Advanced 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 the next year. Freeport intends to use the low carbon ANS purchased from us for its United States copper mining operations.

In October 2023, we announced a collaboration with INPEX Corporation and Air Liquide Group to conduct a preliminary front end engineering design ("pre-FEED") study for the development of a large-scale, low carbon ammonia production and export project on the Houston Ship Channel. Initially targeted to produce more than 1.1 million metric tons per year of low carbon ammonia beginning in 2029, the pre-FEED study was completed in the fourth quarter of 2024. Given the impact of U.S. tariff-related price increases and other global economic uncertainties on costs, coupled with a slower-than-anticipated ramp-up of low carbon ammonia demand, we have decided to put a pause on the project.

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 carbon capture and sequestration 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.

Higher Ammonia Prices and AN and UAN Sales Volumes Offset by Higher Natural Gas Input Costs

First quarter 2025 results were impacted by natural gas input costs, which were higher than they were in the first quarter and full year of 2024. Partially offsetting the impact of higher natural gas prices were increased sales volumes of AN and UAN. Additionally, first quarter 2025 results benefited from higher ammonia prices relative to the prior year first quarter.

Ammonia prices have declined over the past several months, largely as a result of lower natural gas input costs in Europe, the global ammonia market's marginal producer region. Lower European natural gas prices reflect expectations that Russia and Ukraine may reach a peace agreement following more than three years of armed conflict, which could lead to an increased flow of Russian natural gas into Europe. Ammonia prices may also be impacted by the start-up of new production capacity in both the United States and internationally, with at least one new world scale plant expected to come online during 2025.

While ammonia prices have weakened over the past several months, pricing for ammonia derivative fertilizer products has been strong. Both urea and UAN prices are currently well above year-ago levels, reflecting a variety of factors including tight supply with limited inventory in the United States distribution channel; expectations for a strong Spring 2025 corn planting season with the USDA currently expecting 95 million acres of corn to be planted, up 5% from 2024; and tariffs on nitrogen fertilizers imported from countries outside of the United States, such as Trinidad, which are now being taxed at 10%.

Demand for our industrial products is stable despite global economic concerns. Nitric acid demand has been steady, reflecting the resilience of the U.S. economy and consumer spending levels. 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.

See a more detailed discussion below under "Key Industry Factors."

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 April 10, 2025 (the "April Report"), farmers planted approximately 90.6 million acres of corn in 2024, down 4.2% compared to the 2023 planting season. According to the April Report, the USDA estimates the United States ending stocks for the 2024 Harvest will be approximately 37.2 million metric tons, a 17.0% decrease from the 2023 Harvest. The USDA's expected yield for the 2024 Harvest is 179.3, up approximately 1.1% from a year ago.

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

	2025 Crop (2024 Harvest) April Report (1)	2024 Crop (2023 Harvest) April Report (1)	Percentage Change (2)	2023 Crop (2022 Harvest) April Report (1)	Percentage Change (3)
U.S. Area Planted *(Million acres)*	90.6	94.6	(4.2%)	88.2	2.7%
U.S. Yield per Acre *(Bushels)*	179.3	177.3	1.1%	173.4	3.4%
U.S. Production *(Million bushels)*	14,867	15,341	(3.1%)	13,651	8.9%
U.S. Ending Stocks *(Million metric tons)*	37.2	44.8	(17.0%)	34.6	7.5%
World Ending Stocks *(Million metric tons)*	287.7	314.3	(8.5%)	304.8	(5.6%)

1. Information obtained from the April Report for the 2024/2025 ("2025 Crop"), 2023/2024 (“2024 Crop”) and 2022/2023 (“2023 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 2025 Crop amounts compared to the 2024 Crop amounts.
3. Represents the percentage change between the 2025 Crop amounts compared to the 2023 Crop amounts.

The current USDA corn outlook for the United States calls for increased exports, lower feed and residual use, and smaller ending stocks. Exports were raised 100 million bushels reflecting the pace of sales and shipments to date and relatively competitive U.S. prices. With no other use changes, ending stocks are down 75 million bushels from the previous month’s report. From a demand perspective, we believe that corn prices will remain at a level that will further support demand for fertilizers during 2025.

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 steady, reflecting the strength of the U.S. economy and consumer spending levels. 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 March 31, 2025	2024
Natural gas volumes (MMBtu in millions)	7.5	7.2
Natural gas average cost per MMBtu	$ 3.77	$ 2.33

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 ammonia 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 First Quarter of 2025

Our consolidated net sales for the first quarter of 2025 were $143.4 million compared to $138.2 million for the same period in 2024. Our consolidated operating income for the first quarter of 2025 was $4.5 million compared to $11.3 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 First Quarter

Selling Prices

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

Gain on Extinguishment of Senior Secured Notes

During the first quarter of 2024, we repurchased $32.9 million of our Senior Secured Notes due 2028 (the "Senior Secured Notes") through open market transactions for approximately $31.3 million. As a result, we recognized a gain on extinguishment of debt, net of issuance costs, of approximately $1.1 million.

Plant, Property and Equipment Impairments

For the three months ended March 31, 2025 and 2024, we recorded asset write-downs primarily related to assets no longer in use in the amount of $0.1 million and $1.5 million, respectively. These write-downs are included in Other expense (income), 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 March 31, 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 March 31, 2025 Compared to Three Months Ended March 31, 2024

The following table sets forth certain financial information, 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 March 31, 2025	Three Months Ended March 31, 2024	Change	Percentage Change
	(Dollars In Thousands)			
Net sales:				
AN & Nitric Acid	$ 57,618	$ 48,435	$ 9,183	19 %
Urea ammonium nitrate (UAN)	43,865	41,192	2,673	6 %
Ammonia	33,272	39,530	(6,258)	(16)%
Other	8,677	9,047	(370)	(4)%
Total net sales	$ 143,432	$ 138,204	$ 5,228	4 %
Gross profit:				
Adjusted gross profit (1)	$ 36,442	$ 40,287	$ (3,845)	(10)%
Depreciation and amortization (2)	(20,063)	(17,094)	(2,969)	17 %
Turnaround expense	(1,995)	(915)	(1,080)	N/M
Total gross profit	14,384	22,278	(7,894)	(35)%
Selling, general and administrative expense	10,153	10,294	(141)	(1%)
Other (income) expense, net	(237)	724	(961)	N/M
Operating income	4,468	11,260	(6,792)	(60)%
Interest expense, net	8,064	9,729	(1,665)	(17)%
Gain on extinguishment of debt	—	(1,134)	1,134	N/M
Non-operating other income, net	(1,673)	(3,561)	1,888	(53)%
(Benefit) provision for income taxes	(283)	603	(886)	(147)%
Net (loss) income	$ (1,640)	$ 5,623	$ (7,263)	N/M
Other information:				
Gross profit percentage (3)	10.0 %	16.1 %	(6.1)%	
Adjusted gross profit percentage (3)	25.4 %	29.2 %	(3.8)%	
Property, plant and equipment expenditures	$ 20,867	$ 18,287	$ 2,580	

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 March 31, 2025	2024	Change	Percentage Change
AN & Nitric Acid	150,531	128,801	21,730	17 %
Urea ammonium nitrate (UAN)	148,565	134,933	13,632	10 %
Ammonia	73,403	94,831	(21,428)	(23)%
Total	372,499	358,565	13,934	4 %

Gross Average Selling Prices (price per ton)	Three Months Ended March 31, 2025	2024	Change	Percentage Change
AN & Nitric Acid	$ 383	$ 376	$ 7	2 %
Urea ammonium nitrate (UAN)	$ 295	$ 305	$ (10)	(3)%
Ammonia	$ 453	$ 417	$ 36	9 %

Average Benchmark Prices (price per ton)	Three Months Ended March 31, 2025	2024	Change	Percentage Change
Tampa Ammonia Benchmark	$ 491	$ 466	$ 25	5 %
NOLA UAN	$ 276	$ 251	$ 25	10 %

Net Sales

Net sales increased during the first quarter of 2025 compared to the prior year period driven by the impact of higher volumes for AN and UAN and improved pricing for AN and ammonia relative to the first quarter of 2024. Partially offsetting this increase was lower pricing for UAN and lower ammonia sales volumes.

Gross Profit

As noted in the table above, we recognized a gross profit of $14.4 million for the first quarter of 2025 compared to $22.3 million for the same period in 2024, or a $7.9 million decrease. Overall, our gross profit percentage was 10.0% compared to 16.1% for the same period in 2024. Our adjusted gross profit percentage decreased to 25.4% for the first quarter of 2025 from 29.2% for the first quarter of 2024. Our overall gross profit for the first quarter of 2025 was lower compared to the same period of 2024 primarily due to higher natural gas costs, higher depreciation and turnaround expenses.

Other (income) expense, net

Other (income), net for the first quarter of 2025 consisted primarily of short-term rental income from railcar subleases and other miscellaneous income, partially offset by asset write-downs. The write-downs and rental income were higher in 2024 compared to 2025.

Interest Expense

Interest expense for the first quarter of 2025 was $8.1 million compared to $9.7 million for the same period in 2024. The decrease relates to lower outstanding balances on our Senior Secured Notes (due to repurchases) and our Secured Financing due 2025 (defined below) (due to repayments).

Gain on Extinguishment of Debt

During the first quarter of 2024, we repurchased $32.9 million of our Senior Secured Notes through open market transactions for approximately $31.3 million. As a result, we recognized a gain on extinguishment of debt, net of issuance costs, of approximately $1.1 million.

Non-operating Other Income, net

Non-operating other income, net for the first quarter of 2025 was $1.7 million compared to $3.6 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 was lower during the first quarter of 2025 compared to the first quarter of 2024.

(Benefit) provision for Income Taxes

The benefit for income taxes for the first quarter of 2025 was $0.3 million compared to a provision of $0.6 million for the same period of 2024. The resulting effective tax rate for the first quarter of 2025 was a benefit on pre-tax loss of 14.7% compared to a provision on pre-tax income of 9.7% for the same period of 2024. For the first quarter of 2025, the effective tax rate was lower than the statutory rate primarily due to changes in valuation allowance and nondeductible compensation, partially offset by state taxes. For the first quarter of 2024, the effective tax rate was lower than the statutory rate primarily due to nondeductible compensation and state taxes. See discussion in Note 7.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our cash flow activities for the three months ended March 31:

	2025	2024	Change
		(In Thousands)	
Net cash flows from operating activities	$ 6,836	$ 24,107	$ (17,271)
Net cash flows from investing activities	$ (5,271)	$ 47,902	$ (53,173)
Net cash flows from financing activities	$ (6,765)	$ (44,518)	$ 37,753

Net Cash Flow from Operating Activities

Net cash provided by operating activities was $6.8 million for the first three months of 2025 compared to $24.1 million for the same period of 2024, a change of $17.3 million. The decrease was primarily a result of higher cost of sales, 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 $5.3 million for the first three months of 2025 compared to net cash provided by investing activities of $47.9 million for the same period of 2024, a change of $53.2 million.

For the first three months of 2025, the net cash used primarily related to purchases of short-term investments of $49.0 million and expenditures for property, plant and equipment of $20.9 million, partially offset by proceeds from short-term investments of $64.5 million.

For the first three months of 2024, the net cash provided primarily related to proceeds from short-term investments of $100.9 million, partially offset by purchases of short-term investments of $34.7 million and expenditures for property, plant and equipment of $18.3 million.

Net Cash Flow from Financing Activities

Net cash used by financing activities was $6.8 million for the first three months of 2025 compared to net cash used of $44.5 million for the same period of 2024, a change of $37.8 million.

For the first three months of 2025, the net cash used primarily consisted of payments on other long-term debt and short-term financing of $5.6 million and $1.2 million for tax withholding obligations related to the vesting of equity awards.

For the first three months of 2024, the net cash used primarily consisted of repurchases of our Senior Secured Notes of $31.3 million, payments on other long-term debt and short-term financing of $5.8 million, payments of $5.4 million for the purchase of treasury stock and $1.8 million for tax withholding obligations related to the vesting of equity awards.

Capitalization

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

	March 31, 2025	December 31, 2024
	(In Millions)	
Cash and cash equivalents	$ 15.0	$ 20.2
Short-term investments	148.5	164.0
Total cash, cash equivalents and short-term investments	$ 163.5	$ 184.2
Long-term debt:		
Revolving Credit Facility	$ —	$ —
Senior Secured Notes due 2028 (1)	478.4	478.4
Secured Financing due 2025	7.0	8.5
Finance Leases	5.7	3.9
Unamortized debt issuance costs (2)	(5.2)	(5.6)
Total long-term debt, including current portion, net	485.9	$ 485.2
Total stockholders' equity	490.6	$ 491.6

(1) See discussion contained in Note 4.

(2) Debt issuance costs as of March 31, 2025 and December 31, 2024 of approximately $0.6 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 March 31, 2025, our Revolving Credit Facility was undrawn and had approximately $40 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 to $90 million of which $60 million to $65 million is expected to be spent on sustaining production, with the remainder spent on 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 March 31, 2025, we had approximately $163.5 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.

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 March 31, 2025, no trigger event had occurred.

Loan Agreements

Senior Secured Notes due 2028 – LSB has $478.4 million aggregate principal amount of Senior Secured Notes outstanding as of March 31, 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 – We are a party to a $30 million secured financing arrangement with an affiliate of Eldridge (the "Secured Financing due 2025"). Principal and interest are payable in 60 equal monthly installments with a final balloon payment of approximately $5 million due in August 2025.

Revolving Credit Facility – At March 31, 2025, our Revolving Credit Facility was undrawn and had approximately $40 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 Three Months of 2025

For the first three months of 2025, capital expenditures relating to property, plant and equipment were $20.9 million. The capital expenditures were funded primarily from cash and working capital.

See discussion above under “Capitalization” for our total expected capital expenditures for 2025.

Equity and debt repurchases

In May 2023, our Board 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 SEC. The repurchase program does not obligate us to purchase any particular number or type of securities.

During the three months ended March 31, 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 three months ended March 31, 2025, we did not repurchase any of our Senior Secured Notes.

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 $0.9 million for the first three months ended March 31, 2025 in connection with environmental projects. For the remainder of 2025, we expect to incur expenses ranging from $3.2 million to $3.4 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 March 31, 2025, we have agreed to indemnify the sureties for payments, up to $10.3 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 March 31, 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 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 March 31,	
	2025	2024
Reconciliation of Gross Profit to Adjusted Gross Profit:	(In Thousands)	
Gross profit:	14,384	22,278
Depreciation and amortization	20,063	17,094
Turnaround expenses	1,995	915
Adjusted gross profit	36,442	40,287

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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 7. 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

Other Litigation

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 Form 10-Q.

Item 1A. Risk Factors

Reference is made to Item 1A of our 2024 Form 10-K. 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

Not applicable

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

On March 13, 2025, Cheryl A. Maguire, our Executive Vice President and Chief Financial Officer, entered into a Rule 10b5-1 trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) and provides that Ms. Maguire, acting through a broker, may sell up to an aggregate of 35,000 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 plan may only occur from June 12, 2025 to June 11, 2026. The plan is scheduled to terminate on June 11, 2026, subject to earlier termination upon the sale of all shares subject to the plan or the expiration of all sale orders under the plan, upon termination by Ms. Maguire or the broker, or as otherwise provided in the plan.

On March 13, 2025, Kristy D. Carver, our Senior Vice President and Treasurer, entered into a Rule 10b5-1 trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) and provides that Ms. Carver, acting through a broker, may sell up to an aggregate of 21,641 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 plan may only occur from June 13, 2025 to February 28, 2026. The plan is scheduled to terminate on February 28, 2026, subject to earlier termination upon the sale of all shares subject to the plan or the expiration of all sale orders under the plan, upon termination by Ms. Carver or the broker, or as otherwise provided in the plan.

Other than as described above, during the three months ended March 31, 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 33.

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 April 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: April 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: April 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 March 31, 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

April 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, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cheryl A. Maguire, Senior 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 Officer)

April 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.