



LSB INDUSTRIES REACHES AGREEMENT ESTABLISHING A PATHWAY TO 100% OWNERSHIP OF EL DORADO CCS PROJECT

Strategic Structure Provides Pathway To Full Ownership While Preserving Near-Term Capital Flexibility

Oklahoma City, Oklahoma—May 19, 2026—[LSB Industries, Inc. \(NYSE: LXU\)](#) (“LSB” or “the Company”), today announced that it has reached an agreement with Lapis Carbon Solutions (“Lapis”) that establishes a strategic pathway for LSB to take full ownership of Project Blue, the carbon capture and sequestration (“CCS”) project currently underway at its El Dorado, Arkansas facility (“the Project”).

“The opportunity to achieve full ownership of this project is an important strategic step for the Company,” said Mark Behrman, Chairman and Chief Executive Officer. “In addition to increasing our economic benefit from the project, this agreement provides greater operational control, commercial flexibility and long-term strategic optionality as we continue to advance the asset toward completion and evaluate future expansion opportunities at our El Dorado site. The milestone-based structure also allows us to align capital deployment with project progress, preserving near-term flexibility while improving our ability to capture the project’s long-term economics as it moves closer to operation.”

Behrman Concluded, “This transaction reflects the strength of our partnership with Lapis, whose technical and regulatory work have positioned this project for success. We look forward to continuing to work alongside the Lapis team as we move towards successful completion and begin operations.”

Key Transaction Details:

- LSB Industries to acquire 100% ownership and control of the El Dorado CCS project
- No upfront cash payment required at closing
- Investment to be made in stages tied to key milestones, with consideration focused on development, permitting, construction, commissioning and operational milestones
- Total consideration and remaining completion capital, assuming all milestones achieved, currently estimated at approximately \$95 million
- Milestone-based structure aligns the Company’s capital deployment with project advancement and limits upfront capital exposure
- Full ownership expected to provide enhanced commercial flexibility to optimize the asset and evaluate future expansion opportunities
- The Company expects the project to generate between \$25 million and \$30 million of annual earnings and cash flow, net of any operating costs associated with CCS operations when fully operational.



Initially announced in April 2022, the project is expected to permanently capture and sequester between 400,000 and 500,000 metric tons of CO₂ per year and is on track for completion by the end of 2026 or early 2027. The sequestered CO₂ will qualify for federal tax credits of \$85 per metric ton under Internal Revenue Code Section 45Q. In addition, the project will enable LSB to produce between 305,000 and 380,000 metric tons per year of low carbon ammonia, which provides the company opportunities for additional revenue. This includes generating premiums for low carbon products or potentially selling the environmental attributes generated through CO₂ sequestration.

Lapis will continue to manage Class VI permitting and regulatory engagement with the Environmental Protection Agency (“EPA”) on behalf of the Company. The EPA is currently reviewing the company’s Class VI injection well permit application. Once the project receives EPA approval, expected later this year, the company intends to use a stratigraphic well drilled and completed in June 2025, for its CO₂ injections. Lapis will continue working with the Company on the project throughout the completion of construction and commissioning.

LSB Industries, Inc.

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, is committed to playing a leadership role in the production of low and no carbon products that build, feed and power the world. The LSB team is dedicated to building a culture of excellence in customer experience as we currently deliver essential products across the agricultural and industrial end markets and, in the future, the energy markets. The company manufactures ammonia and ammonia-related products at facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma and operates a facility for a global chemical company in Baytown, Texas. Additional information about LSB can be found on our website at www.lsbindustries.com.

Lapis Carbon Solutions

Lapis Carbon Solutions (“Lapis”) is a full-service carbon capture, utilization and storage (“CCUS”) developer and operator, providing customized solutions for emissions-intensive industry partners. Based in Dallas, Texas, the Lapis team is comprised of leading industry experts with multiple decades of technical, commercial and project experience. Lapis is backed by Cresta Fund Management, a Dallas-based private equity firm specializing in middle market sustainable infrastructure. Visit our website for more information about our company and our projects.

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