Q3 2021 Earnings Presentation

November 2, 2021

LSB INDUSTRIES

Q3 2021 Overview
Executing on Our Strategy and Improving End-Market Fundamentals

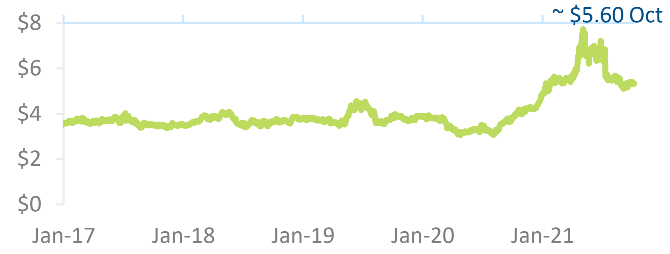
- Net sales up 72% year over year driven by higher selling prices and continued strong plant operations
- Record Q3 Adjusted EBITDA of $37.7M - an increase of 268% year over year despite loss of approximately 40 production days from turnaround
- Robust market conditions and solid operating performance expected to continue for remainder of the year and into 2022
- Completed two key transactions that reduce cost of capital and enhanced financial flexibility:
  - ✓Closed on exchange transaction, converting $310 million of preferred stock with a 14.5% dividend into common stock
  - ✓Subsequent to end of the quarter, on 10/14/21, closed on issuance of $500 million of new senior notes carrying an interest rate of 6.25% which were used to redeem $435 million of outstanding 9.625% notes and enhance balance sheet liquidity

LSB INDUSTRIES

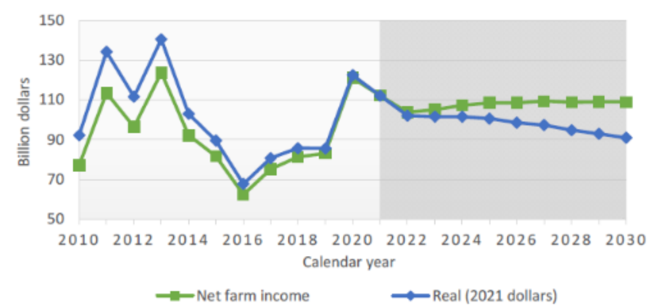
Agricultural Market Overview

- Corn is currently trading over $5.60/bushel and is expected to remain at these levels for the balance of the year and throughout 2022
- Robust pricing for nitrogen products is expected to continue in Q4'21 and into 2022
  - Tampa ammonia price for November settled at $825/mt, the highest level since Oct 2008 as global prices continue to increase
  - Nola UAN benchmark pricing has increased from approximately $300/ton to over $500/ton over the last 90 days
- Many factors point to strong Q4'21 and 2022:
  - Soaring European gas prices forcing producers to curtail nitrogen production, limiting supply, with analysts estimating that more than half of European ammonia production is being impacted
  - Weather events throughout 2021, including the winter freeze earlier in the year and Hurricane Ida more recently, forced multiple facilities in the U.S. to shut down, and many of these facilities have had production issues after startup, limiting supply
  - Greater number of turnarounds at ammonia production facilities this year

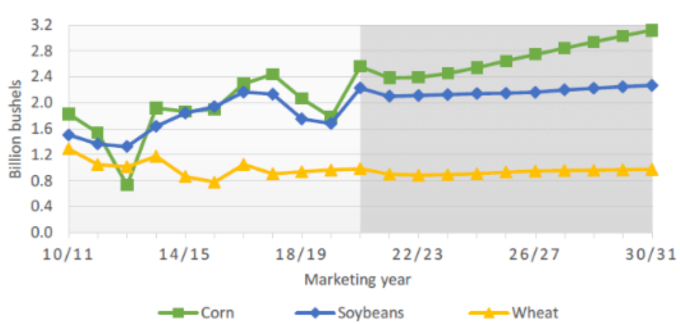
5 Year Corn Prices



Net farm income rose with payments in 2020



China demand increases U.S. exports in 2020/21



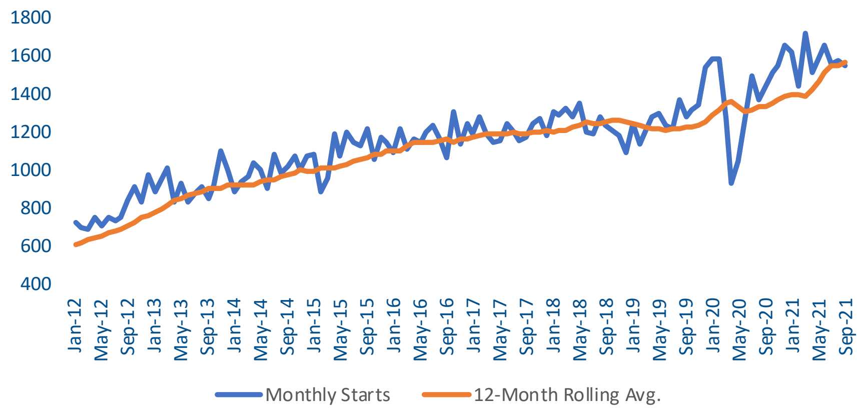
Sources: Yahoo! Finance, Food & Agricultural Policy Research Institute

Strong Industrial and Mining Fundamentals

Industrial

- U.S. Federal Reserve data indicates that new housing starts reached levels not seen since 2006 earlier this year, and, while down recently due to shortages and risings costs for labor and materials, on a rolling twelve-month basis are at their highest in over ten years, driven by low interest rates and the strong economy.
- New U.S. light vehicle sales, while hitting levels not seen since 2005, although recently down due to the shortage of microprocessors which has constrained new auto production in the face of strong demand, at almost 12.2 million units in September, remain more than 40% above pandemic low levels.

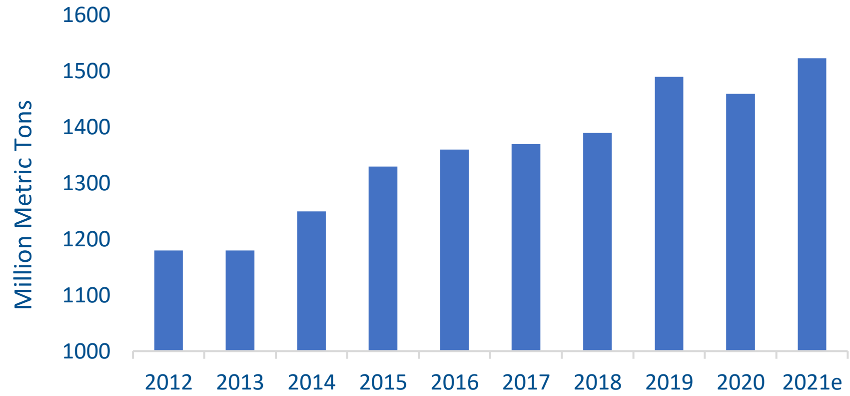
US New Housing Starts
(thousands)



Mining

- Production of construction aggregates has increased over the past decade driven by infrastructure repair, upgrade and expansion and increased commercial and residential development.
- Copper prices reached an all time high of $5.72 per pound in July and continued to sell at over $5.00 per pound in October as a result of rising demand from various end markets, including electric vehicle production. This should translate into increase copper mine production in the coming years.

U.S. Crushed Stone Production



LSB Consolidated Financial Highlights

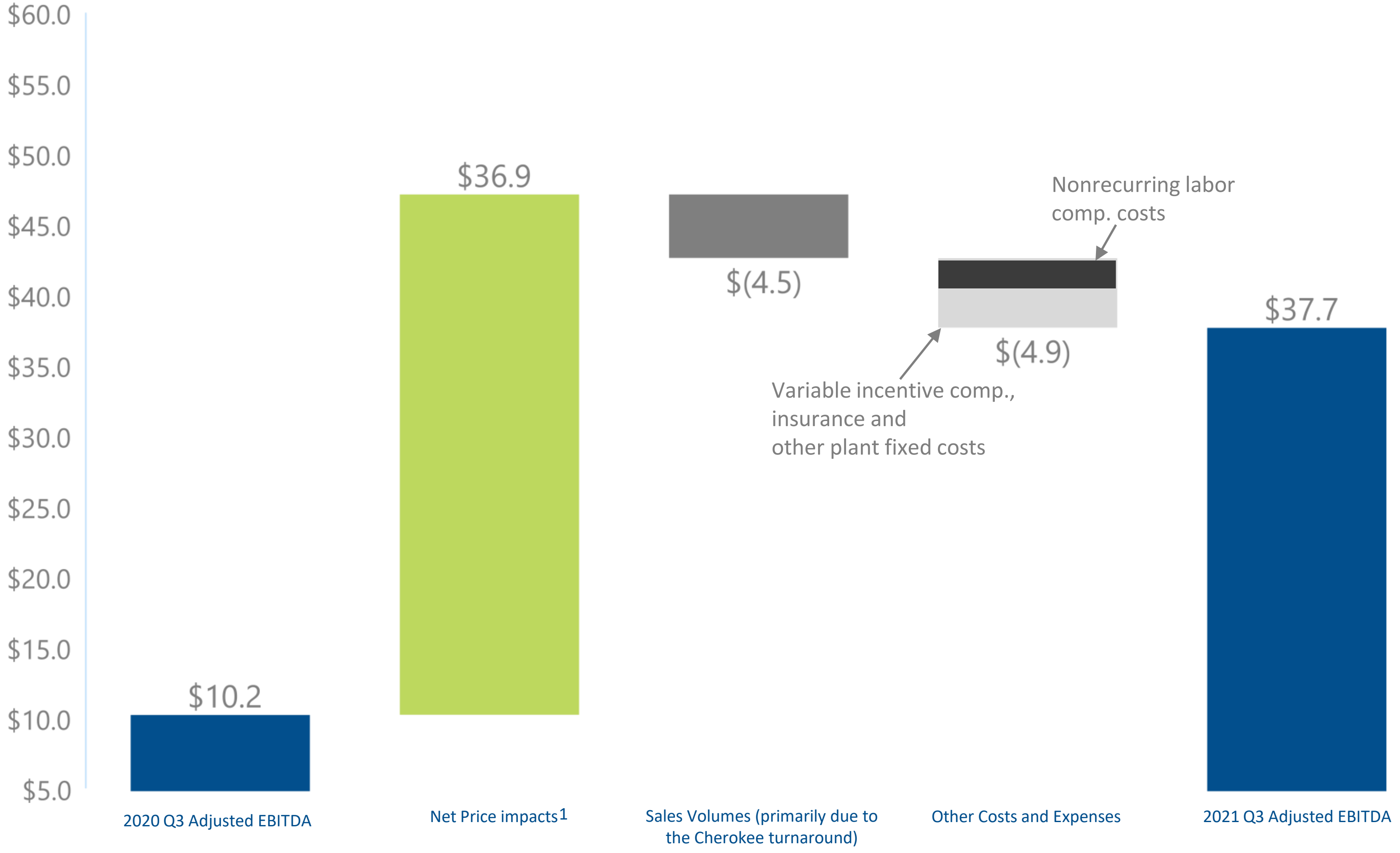
$ in millions, except per share amounts

	3Q 2021	3Q 2020	
Sales	$127.2	$74.0	▪ Sales up 72%: Driven by higher pricing
Adjusted Gross Profit [1]	$43.1	$16.3	▪ Higher selling prices partially offset by lower sales volumes and higher gas costs
Operating Income/(Loss)	$5.4	($9.0)	▪ Operating profit increased in line with previously outlined factors that improved adjusted gross profit
EBITDA[2]	$22.0	$8.5	▪ EBITDA increased in line with previously outlined factors that improved adjusted gross profit
Adjusted EBITDA[2]	$37.7	$10.2	▪ Primarily favorable pricing, see waterfall chart on subsequent slide for breakout

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

Strong Y/Y Increase in EBITDA Despite 2021 Turnaround

$ in millions (amounts are approximate)

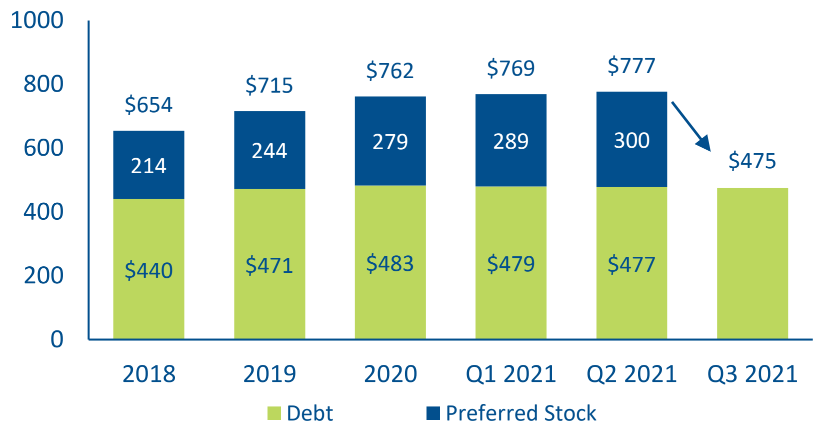


(1) Represents $49.9M higher selling prices, offset by $13M in higher gas and sulfur prices.

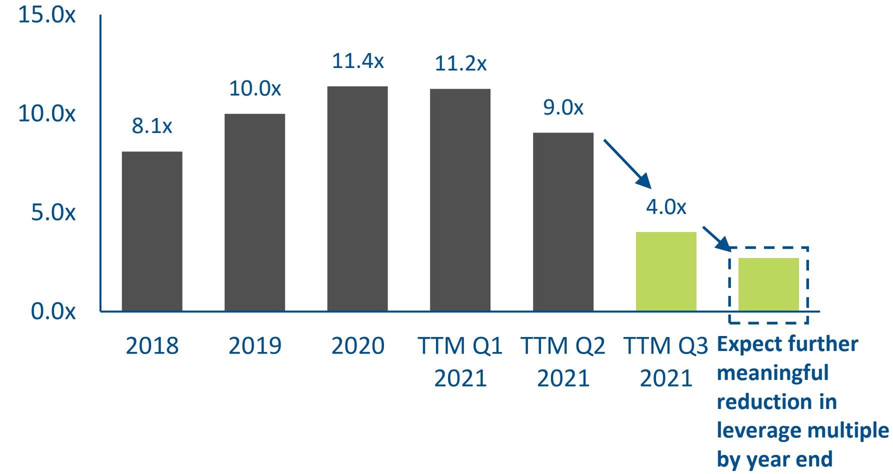
Exchange Transaction and Debt Refi Transform Capital Structure

$ Millions

Total Debt + Preferred Stock(1)



Net Leverage Multiples(2)(3)



- The exchange of the preferred stock to common, coupled with increasing EBITDA translated into a significant reduction in leverage ratio
- October refinancing of senior secured notes reduced interest rate on debt by nearly 340 bps, resulting in lower annual cash interest and increasing balance sheet liquidity
- Increased financial flexibility positions LSB to execute on next leg of its growth strategy

Note: Figures may not sum correctly due to rounding.

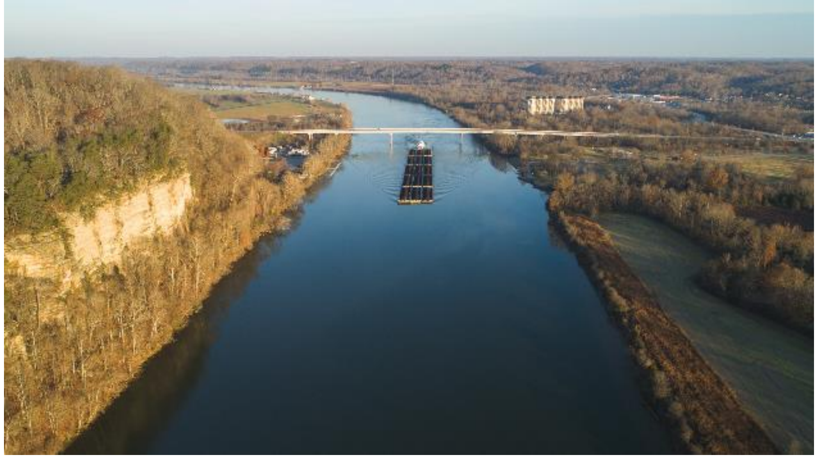
1) Long-term debt, including current portion and excluding OID. Preferred stock balance represents liquidation preference and includes Series E-1 participation rights based on the last day closing share price of each respective period. Excludes Series B & D preferred stock of $3.0mm.

2) Defined as (Total Debt + Preferred Stock - Cash) / Adjusted EBITDA. Excludes Series B & D preferred stock of $3.0mm.

3) See slide 18 for Adjusted EBITDA reconciliation.

Next 12 Months

- Continuous improvement throughout our operations within a favorable fertilizer market backdrop and the recovery of industrial demand exiting the pandemic, to deliver improved financial results
- Continue to bolster the Company's credit metrics and achieve target leverage of less than 4x
- Seek new projects that will either expand production, storage, or logistic capabilities to drive increased cash flow
- Pursue accretive M&A opportunities
- Progress on Blue/Green Ammonia Strategy



Blue Green Ammonia Strategy

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

Blue Ammonia

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

Green Ammonia

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

Current timeline for evaluation of projects at LSB facilities:

- Q1'22 – Complete feasibility studies
- Q2'22 – Project proposals to and approval from LSB Board of Directors
- Q2/Q3'22 – Commence projects

Appendix

EBITDA Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income (loss)	**($8,928)**	**($20,402)**	**$1,463**	**($40,219)**
Plus:				
Interest expense	12,956	12,554	37,618	38,509
Gain on extinguishment of debt	-	-	(10,000)	-
Depreciation and amortization	17,970	17,700	52,324	52,903
Provision (benefit) for income taxes	19	(1,370)	(187)	(3,008)
EBITDA (1)	**$22,017**	**$8,482**	**$81,218**	**$48,185**
Stock-based compensation	2,553	447	4,329	1,627
Change of Control	3,223	-	3,223	-
Noncash loss (gain) on natural gas contracts	-	(669)	(1,205)	(538)
Legal fees (Leidos)	271	901	1,598	5,143
Loss (gain) on disposal of assets	516	887	690	610
Fair market value adjustment on preferred stock embedded derivatives	1,106	141	2,258	(616)
Consulting costs associated with reliability and purchasing initiatives	-	2	-	578
Turnaround costs	7,976	34	8,823	45
Adjusted EBITDA (2)	**$37,662**	**$10,225**	**$100,934**	**$55,034**

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

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

EBITDA Reconciliation TTM

LSB Consolidated ($ In Millions)	TTM September 30, 2021	TTM June 30, 2021	TTM Mar 31, 2021	Twelve Months Ended December 31, 2020	December 31, 2019	December 31, 2018
Net loss	**($20.2)**	**($31.7)**	**($55.7)**	**($61.9)**	**($63.4)**	**($72.2)**
Plus:						
Interest expense	50.2	49.8	50.0	51.1	46.4	43.1
Loss/(gain) on extinguishment of debt	(10.0)	(10.0)	-	-	-	6.0
Depreciation, depletion and amortization	70.2	70.0	70.0	70.8	69.6	72.6
Provision (benefit) for income taxes	(1.9)	(3.3)	(4.4)	(4.7)	(20.9)	1.7
EBITDA (1)	**$88.3**	**$74.8**	**$59.9**	**$55.3**	**$31.7**	**$51.2**
Stock-based compensation	4.5	2.4	2.0	1.8	2.2	8.3
Change of Control	3.2					
Noncash loss (gain) on natural gas contracts	0.5	(0.1)	(0.5)	1.2		
Severance costs	-	-	-	-	0.6	2.6
Legal Fees (Leidos)	2.2	2.8	3.3	5.7	9.6	4.8
Loss (gain) on disposal of assets and other	1.0	1.4	1.2	0.9	11.2	(1.6)
Fair market value adjustment on preferred stock embedded derivatives	2.8	1.9	1.0	(0.1)	(0.6)	(1.2)
Consulting costs associated with reliability and purchasing initiatives	(0.0)	0.0	(0.0)	0.6	1.4	3.8
Turnaround costs	8.9	0.9	0.2	0.1	13.2	9.8
Adjusted EBITDA (2)	**$111.4**	**$84.1**	**$67.1**	**$65.5**	**$69.3**	**$77.7**

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

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Gross Profit Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net sales				
Agricultural	$51,102	$31,986	$162,523	$138,441
Industrial and Mining	76,097	41,983	203,488	123,972
Total net sales	**$127,199**	**$73,969**	**$366,011**	**$262,412**
Adjusted gross profit (1)	**$43,056**	**$16,337**	**$120,652**	**$66,793**
Depreciation and amortization (2)	(17,633)	(17,362)	(51,314)	(51,899)
Turnaround expense	(7,976)	(34)	(8,823)	(45)
Settlements	-	-	-	5,664
Gross profit	**$17,447**	**($1,059)**	**$60,515**	**$20,513**
Adjusted gross profit margin (3)	34%	22%	33%	25%
Gross profit margin (3)	14%	-1%	17%	8%

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

(2) Represents amount classified as cost of sales.

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

Forward-Looking Statements

Statements in this presentation that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company’s filings with the Securities and Exchange Commission (SEC).

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.