



Q2 2024

EARNINGS PRESENTATION

August 1, 2024

Forward-Looking Statements

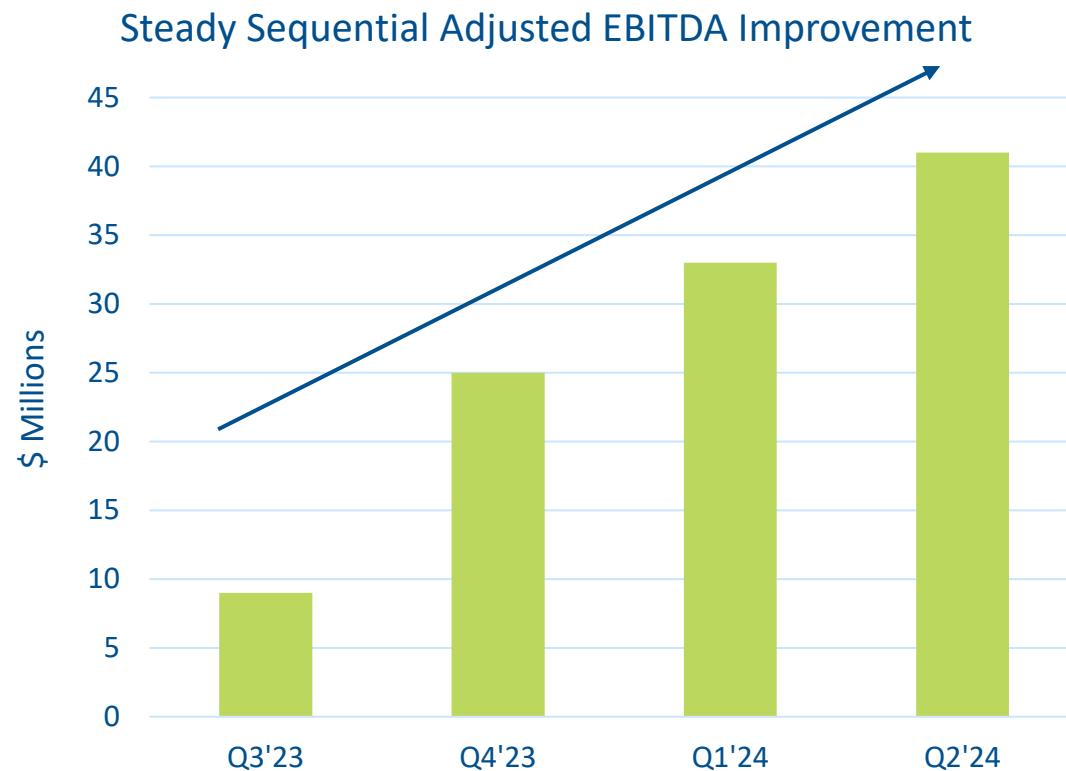
- Statements in this presentation that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include 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.

Stockholder Rights Plan in Place to Preserve Substantial NOL's

- Our Section 382 Stockholder Rights Plan (the “Rights Plan”) is intended to protect our substantial net operating losses (“NOLs”), carryforwards and other tax attributes.
- We can generally use our NOLs and other tax attributes to reduce federal and state income tax that would be paid in the future.
- Our ability to use our NOLs could be substantially limited if we experience an “ownership change,” as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”) and the Rights Plan has been designed to help prevent such an “ownership change.”
- The Rights Plan provides that if any person becomes the beneficial owner (as defined in the Code) of 4.9% or more of our common stock, stockholders other than the triggering stockholder will be entitled to acquire shares of common stock at a 50% discount or LSB may exchange each right held by such holders for one share of common stock.
- Under the Rights Plan, any person which currently owns 4.9% or more of LSB’s common stock may continue to own its shares of common stock but may not acquire any additional shares without triggering the Rights Plan.
- Our Board of Directors has the discretion to exempt any person or group from the provisions of the Rights Plan.
- On August 22, 2023, the Company entered into an Amended and Restated Section 382 Rights Agreement. As a result, the Rights Plan will continue in effect until August 22, 2026, unless terminated earlier in accordance with its terms.

Q2'24 Overview

- ✓ Signed agreement with Freeport Minerals to supply low carbon ammonium nitrate solution (ANS)
- ✓ Solid sequential and year-over-year improvement in UAN nitric acid and ANS sales volumes
- ✓ De-risked balance sheet through bond repurchases
- ✓ Returned capital to shareholders through share buybacks
- ✓ Outlook for nitrogen demand and pricing remains favorable
- ✓ Low carbon ammonia project timelines remain on track



Five-Year ANS Offtake Agreement Validates Low Carbon Strategy

Agreement:

- Agreement to supply Freeport Minerals with up to 150,000 short tons of low carbon ammonium nitrate solution (ANS) per year
- Five-year agreement commences January 1, 2025, with a phasing in of the low carbon contracted volume
- Freeport intends to use the low carbon ANS for its U.S. copper mining operations
- Will leverage LSB's low carbon ammonia project with Lapis Energy at its El Dorado facility

Key Benefits:

- Positions LSB as a leader and first-mover in the commercialization of low carbon nitrogen products
- Well-aligned with LSB's strategy to shift mix of sales towards more predictable, multi-year, cost-plus contracts with industrial customers



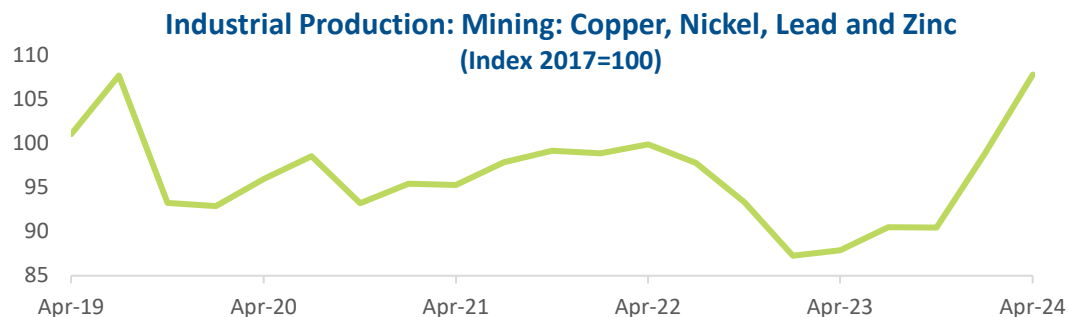
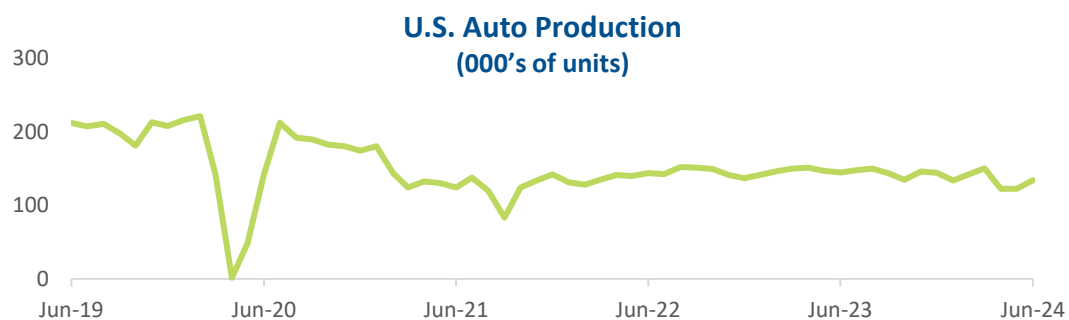
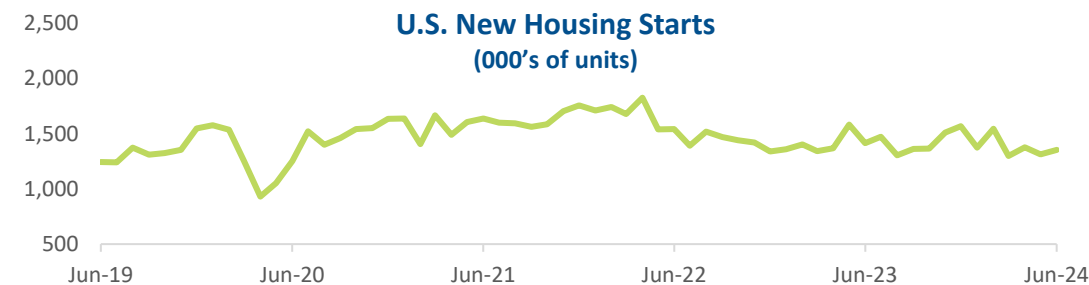
Industrial Market Overview ⁽¹⁾

- **Industrial business stable with potentially improving outlook**

- Steady demand for nitric acid supported by the strength of the U.S. economy and robust consumer spending levels
- U.S. new housing starts and auto production relatively steady for past two years; both poised to increase in the event of a reduction in U.S. interest rates

- **Demand for ammonium nitrate (AN) bolstered by U.S. mining of metals, including copper for data centers and electric vehicles, as well as quarrying/aggregate production for infrastructure upgrade and expansion**

- Copper production surged over the past year and copper prices currently sit well above multi-year averages and exceed our estimate for cash production costs
- Improvement in new housing starts would drive U.S. aggregate production further strengthening AN demand

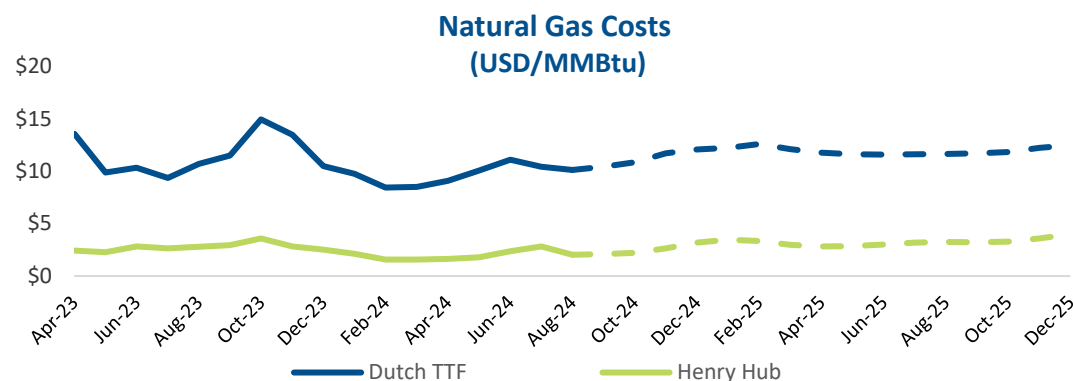
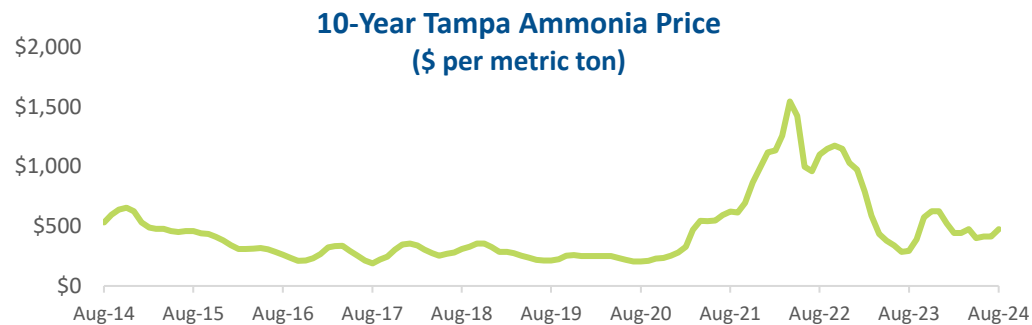


Nitrogen Product Pricing and Input Costs⁽¹⁾

■ **Nitrogen product prices holding up well**

- Tampa ammonia price settled \$60 higher at \$475/MT for August, following healthy summer fill program and supported by tight supply-demand dynamics, global supply constraints, disruption of shipping through the Suez Canal, and delayed startup of new capacity
- Urea prices benefiting from limited export activity from China and Russia
- UAN prices above prior year levels, but appear attractively priced relative to urea and ammonia; combined with tight inventory, should keep prices stable

- **U.S. gas prices projected to remain a cost advantage** for domestic nitrogen producers relative to European producers for the next two years

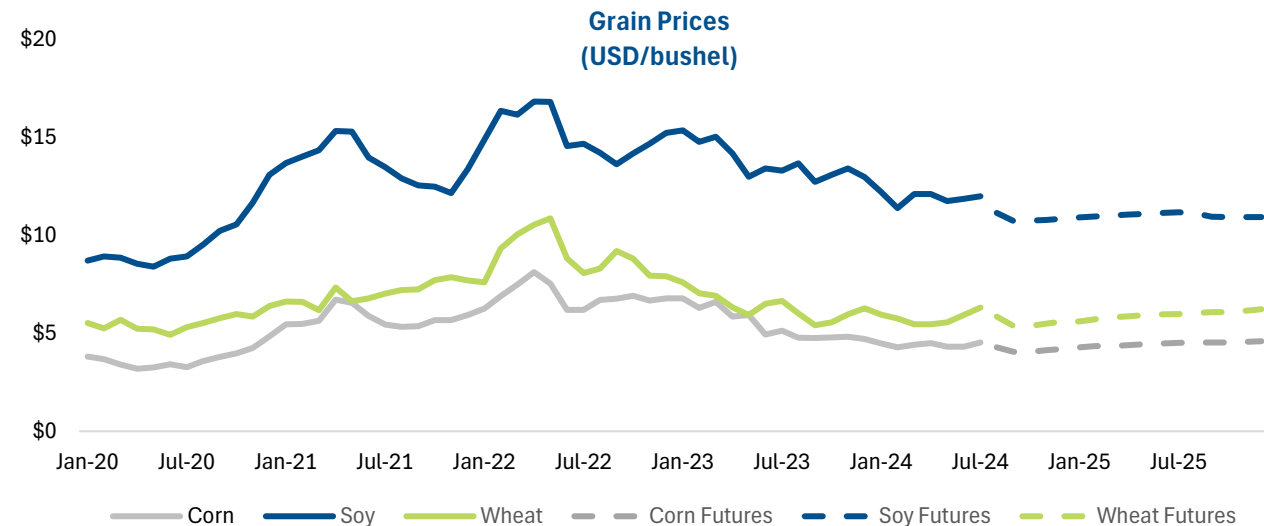
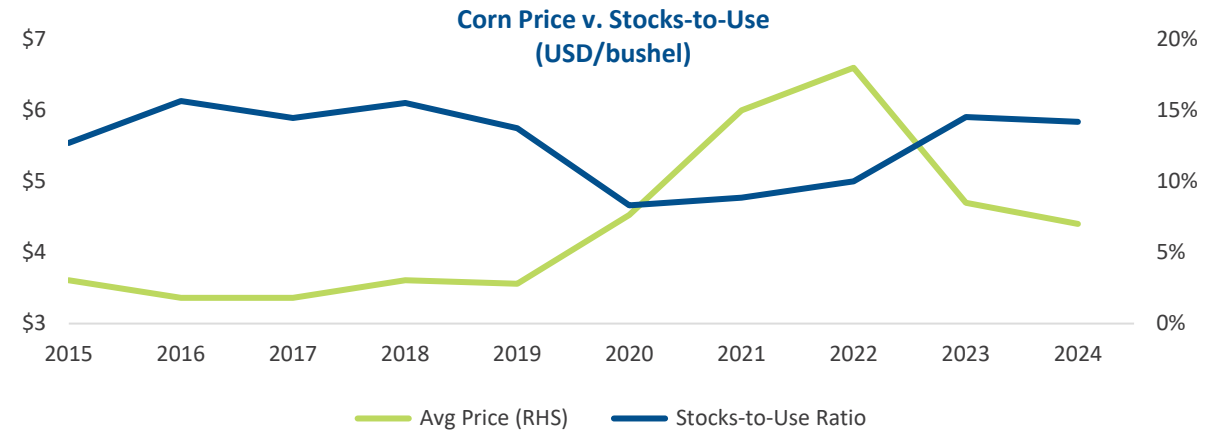


Spot Prices	July 26, 2024	July 26, 2023
Tampa Ammonia	\$475 / MT	\$295 / MT
UAN (NOLA)	\$205 / ST	\$225 / ST
Natural Gas (NYMEX Spot Price)	\$2.01 / MMBtu	\$2.67 / MMBtu

(1) Sources: USDA, Green Markets® A Bloomberg Company, Barcharts.com, Federal Reserve Economic Data, and Nasdaq.com; Natural Gas Costs derived from forward strips as of 7/25/24

Grain Price Trends

- **U.S. corn prices down on supply increase expectation**
 - Stocks-to-use ratio (STU) and USDA forecast for 2024 planted acres remain higher than historical average
- **Yields threatened by tempestuous weather forecasts** for the growing season as well as the added risk of crop disease from excessive moisture and flooding
- **U.S. corn STU ratio may be weighed down** by a low global STU ratio as foreign producers face yield disruptions
- **Grain prices projected to remain at attractive levels** relative to overall nitrogen costs over the next two years



Q2'24 Financial Results

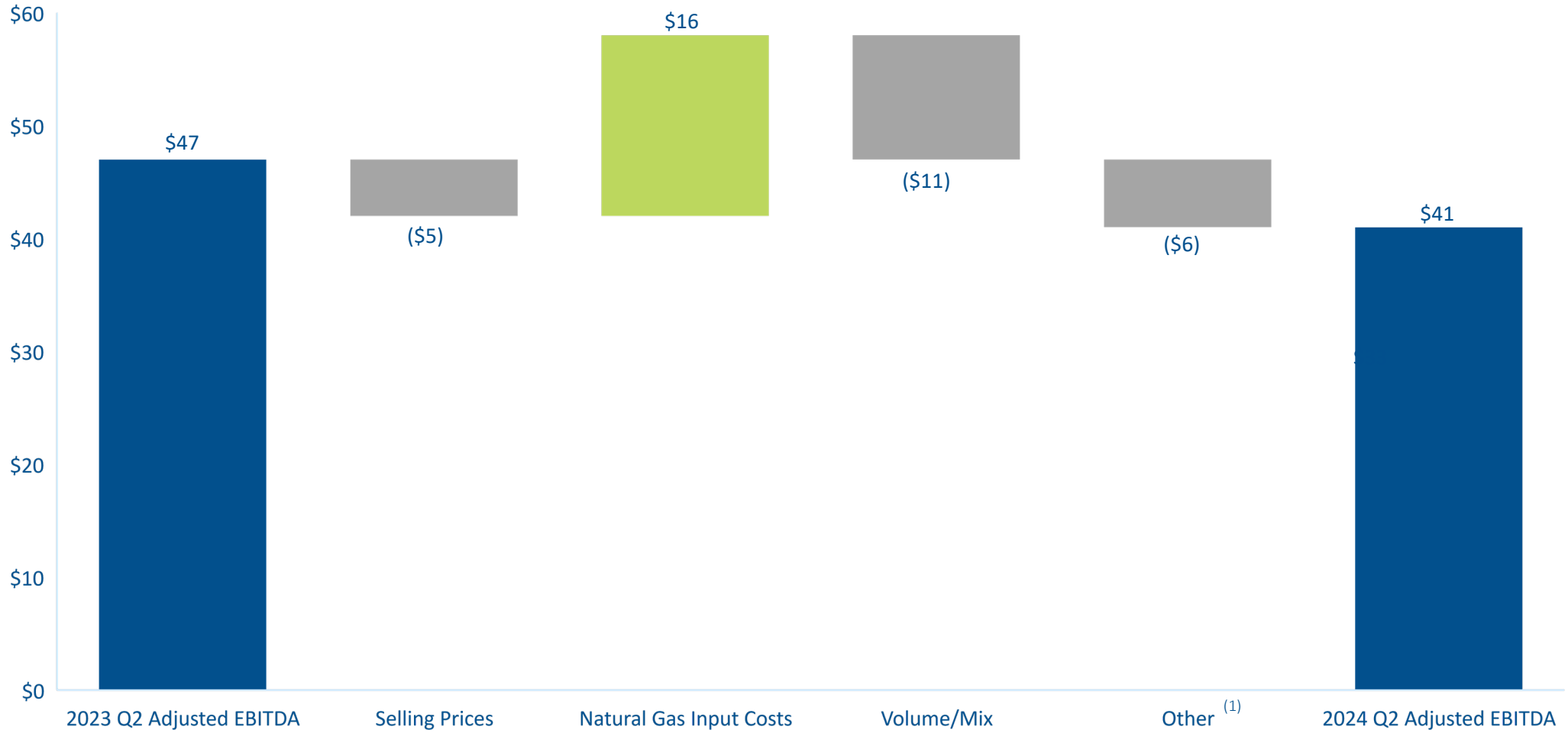
	<u>Q2'24</u>	<u>Q2'23</u>
Net Sales	\$140 M	\$166 M
Adjusted EBITDA ¹	\$41 M	\$47 M
Adjusted EBITDA Margin ¹	29%	28%
Diluted EPS	\$0.13	\$0.33

- Sales volumes for nitric acid, ANS and UAN increased year-over-year
- Net sales and adjusted EBITDA down year-over-year due to lower pricing and lower sales volumes of HDAN and ammonia
- Margin benefited from lower natural gas costs

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

Second Quarter – 2024 vs. 2023

\$ in millions



(1) Other primarily reflects higher fixed costs and SG&A

Solid Balance Sheet and Cash Flow

	<u>6/30/24</u>	<u>6/30/23</u>
Cash & ST Inv.	\$216 M	\$314 M
Total Debt	\$486 M	\$584 M
Net Debt ¹ / TTM Adj. EBITDA	2.5X	1.1X
TTM Op. Cash Flow	\$100 M	\$228 M
TTM CAPEX	\$68 M	\$62 M
Free Cash Flow Conversion ²	29%	64%

- Healthy cash balance and robust liquidity position supports balanced capital allocation strategy
- Net debt/TTM Adjusted EBITDA of 2.5X
- Solid free cash flow despite elevated capex investments in plant reliability and margin enhancement projects
- Repurchased approximately 0.8 million shares of common stock during the second quarter of 2024, and approximately 1.5 million shares year-to-date
- Repurchased \$64 million in principal amount of Senior Secured Notes during the second quarter of 2024, and \$97 million in principal amount year-to-date

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

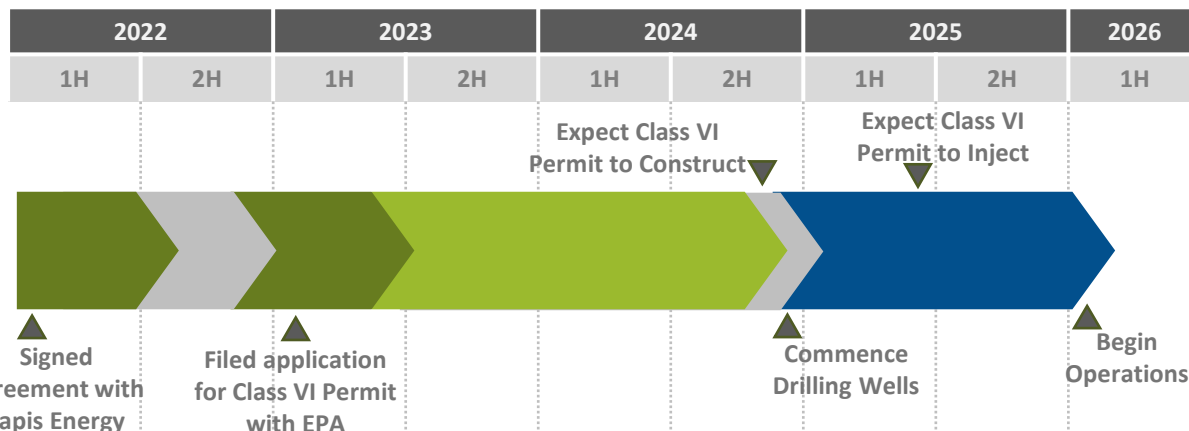
(2) Free Cash Flow Conversion calculated as (Operating Cash Flow – Capital Expenditures) / Adjusted EBITDA

El Dorado Low Carbon Ammonia Project

Project Highlights

- Capital investment for LSB is minimal
- Lapis will capture and sequester between 400,000 and 500,000 metric tons of CO₂ produced annually in the course of El Dorado's ammonia production
- We expect Lapis to receive 45Q federal tax credit of \$85 per metric ton of CO₂ sequestered and pay a fee to LSB for each ton
- The carbon sequestration is expected to result in between 305,000 and 380,000 metric tons of low carbon ammonia that LSB can potentially sell at a premium
- Once in operation, the project is expected to reduce LSB's Scope 1 CO₂ emissions by ~25% and result in an estimated \$15 - \$20 million of incremental EBITDA for the company

Illustrative Timeline



Roles



Ammonia production at El Dorado, AR facility

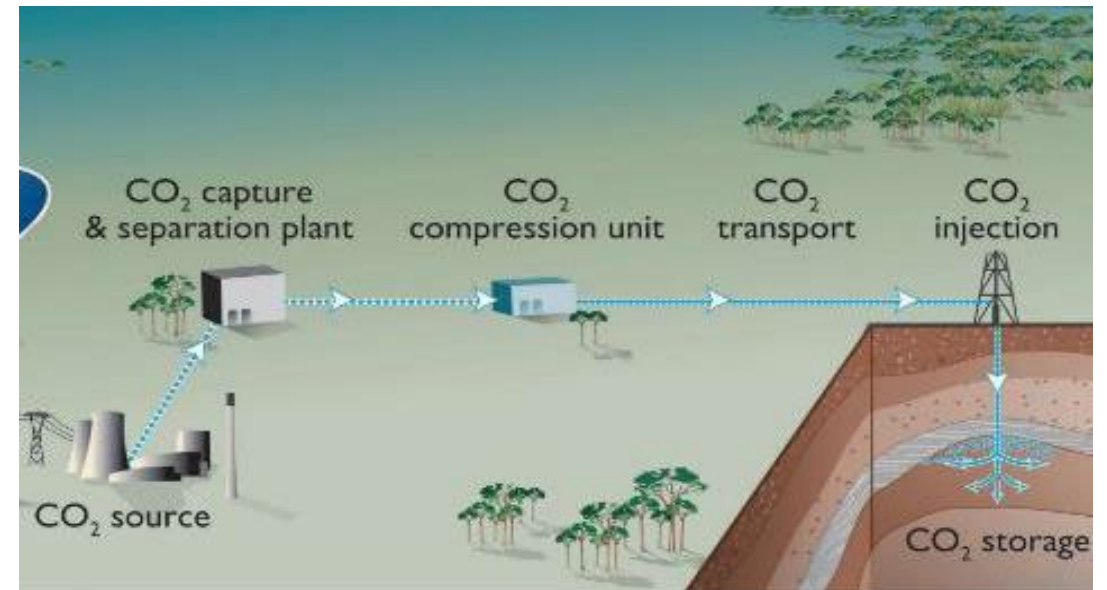
- 100% owner of ammonia production facility



Develop and construct CO₂ capture and sequestration capabilities

- Full-service CCS developer and operator
- Experienced team of energy industry professionals with expertise in engineering, construction, geology, site selection and project management

Illustrative Process Flow



Houston Ship Channel Ammonia Project

Project Highlights

- New 1.1 million TPA low carbon ammonia plant at an attractive site in Deer Park, on the Houston Ship Channel – access to low-cost natural gas, key pipelines, and deepwater logistics
- Focused on the domestic and export markets, particularly power generation demand from Japan and Korea and low carbon ammonia demand from the U.S. and Europe – seizing government incentives at both production and consumption
- INPEX relationship with Japanese utilities provides potential to be highly-contracted with creditworthy counterparties, enabling predictable cash flows and non-recourse project financing

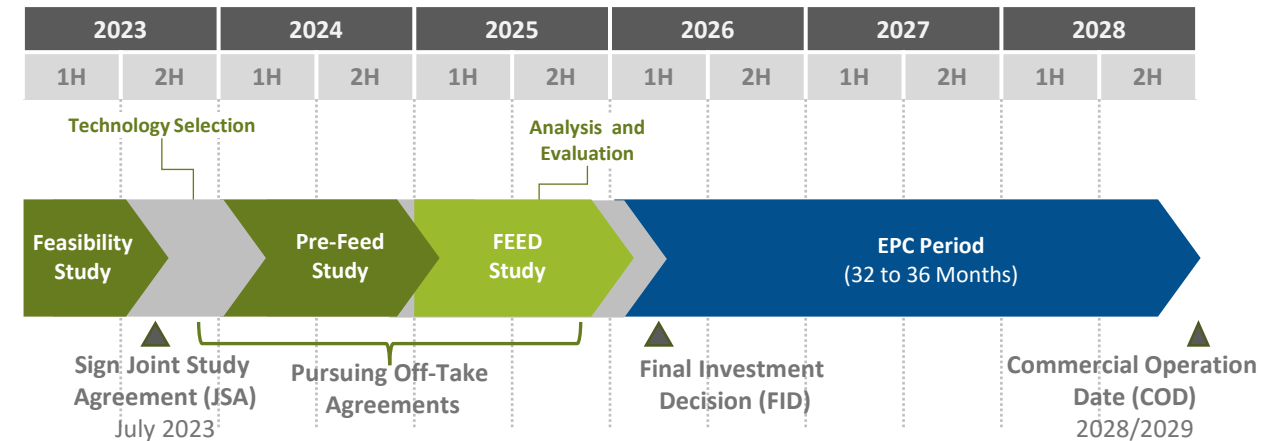
Location



Roles

	Ammonia loop equity partner and operator	<ul style="list-style-type: none"> ▪ Experienced North American ammonia producer ▪ To own (~ 50%) and operate the ammonia loop
	Hydrogen and nitrogen feedstock supplier	<ul style="list-style-type: none"> ▪ #2 supplier of industrial gases with \$100 billion of EV ▪ To build and operate ASU and ATR for project
	Equity partner and developer delivering Asian offtakers	<ul style="list-style-type: none"> ▪ #1 E&P company in Japan with \$25 billion of EV ▪ Equity partner to Air Liquide for ASU and ATR; equity partner to LSB for the ammonia loop
	Terminaling and logistics services	<ul style="list-style-type: none"> ▪ JV between major terminaling and storage firms ▪ To provide site and services to the project

Illustrative Timeline





Appendix

Adjusted EBITDA Reconciliation*

<u>LSB Consolidated (\$ In Thousands)</u>	Three Months Ended	
	June 30,	
	2024	2023
Net income	\$ 9,555	\$ 25,095
Plus:		
Interest expense and interest income, net	5,445	8,065
Net (gain) on extinguishment of debt	(1,879)	(8,644)
Depreciation and amortization	18,784	17,103
Provision for income taxes	1,250	2,973
EBITDA¹	\$ 33,155	\$ 44,592
Stock-based compensation	2,099	1,927
Legal fees (Leidos)	479	91
Loss on disposal and impairment of assets	1,489	550
Turnaround costs	3,439	(39)
Growth Initiatives	485	
Adjusted EBITDA²	\$ 41,146	\$ 47,121

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

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

Trailing Twelve Month EBITDA and Adjusted EBITDA*

	Quarter Ended				
	TTM 6/30/2024	6/30/2024	3/31/2024	12/31/2023	9/30/2023
Net income (loss)	2.1	9.6	5.6	(5.3)	(7.7)
Plus:					
Interest expense and interest income, net	21.3	5.4	6.1	6.2	3.5
Gain on extinguishment of debt	(3.0)	(1.9)	(1.1)	-	-
Depreciation and amortization	70.1	18.8	17.1	18.7	15.5
Provision (benefit) for income taxes	(1.0)	1.3	0.6	2.4	(5.2)
EBITDA ⁽¹⁾	89.5	33.2	28.4	21.9	6.0
Stock-based compensation	6.2	2.1	1.4	1.4	1.3
Legal fees (Leidos)	1.1	0.5	0.4	0.1	0.1
Loss on disposal and impairment of assets	3.9	1.5	1.5	1.0	(0.0)
Turnaround costs	6.8	3.4	0.9	0.7	1.7
Growth Initiatives	0.6	0.5	0.1	-	-
Adjusted EBITDA ⁽²⁾	108.1	41.1	32.6	25.1	9.2
	TTM 6/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Net income (loss)	109.2	25.1	15.9	65.9	2.3
Plus:					
Interest expense and interest income, net	36.7	8.1	8.7	9.9	10.0
Gain on extinguishment of debt	(8.6)	(8.6)	-	-	-
Depreciation and amortization	68.2	17.1	17.6	17.1	16.4
Provision for income taxes	16.5	3.0	5.9	6.9	0.8
EBITDA ⁽¹⁾	222.0	44.6	48.1	99.8	29.5
Stock-based compensation	4.5	1.9	0.7	0.9	0.9
Legal fees (Leidos)	0.9	0.1	0.3	0.2	0.3
Loss on disposal and impairment of assets	2.9	0.6	1.9	0.4	0.0
Turnaround costs	23.4	(0.0)	(0.0)	4.2	19.2
Adjusted EBITDA ⁽²⁾	253.6	47.1	51.0	105.5	49.9

(1) See definition of EBITDA on previous page

(2) See definition of adjusted EBITDA on previous page

*Columns may not foot due to rounding