

Itafos Inc.

Third Quarter 2025 Update Call

Monday, November 10, 2025, 04:30 PM ET

CORPORATE PARTICIPANTS

David Delaney--*Chief Executive Officer*

PRESENTATION

Operator

Hello, and welcome to the Itafos, Inc. Third Quarter 2025 Update Call. The commentary in this recorded call is made available as of Monday, November 10, 2025.

As a reminder, this call and the company's most recent earnings press release includes forward-looking statements and non-IFRS financial measures. Please reference the company's most recent earnings press release, interim MD&A, financial statements, and annual information form for other important disclosures, non-IFRS financial measures, reconciliations, and descriptions of risk factors that could cause actual results to differ materially from any forward-looking statements we make on this call. These materials are available on the Investor Relations section of the company's website.

With that, I would like to turn the call over to the company's CEO, David Delaney, for his opening comments.

David Delaney

Thank you, David, and welcome everyone to our quarterly update on the company's results and our outlook for the future. Itafos had another great quarter with results exceeding expectations throughout the company. We continue to operate in a safe manner. Although we did have three recordable incidents during the quarter, our recordable still came in at 0.54 rate on a rolling 12-month basis, a very low level compared to industry norms and ahead of where we stood a year ago.

Safety is the first priority of all of our operations and something that is vital to our company's ability to create value for our shareholders. We generated revenues of \$152.8 million, an increase of almost \$33 million from the same period last year, driven by higher sales prices at both Conda and Arraias and higher dry fertilizer volumes at Arraias. Adjusted EBITDA was 48.9 million, nearly 11 million higher than third quarter 2024. Adjusted EBITDA margins were 32% during Q3 '25, up slightly from margins a year ago, as the higher product prices were offset by higher input costs, particularly sulfur.

Our adjusted EBITDA this quarter was the highest since the fourth quarter of 2022. We generated over 7 million in adjusted EBITDA at Arraias, a truly remarkable achievement for that segment. For comparison, I noted that we generated more EBITDA in Brazil this quarter than we had for the prior six months of the year, and over 2 million more than the cumulative amount earned from 2022 through 2024, following the restart of the sulfuric acid plant and the fertilizer program. Our balance sheet remains rock solid as we once again ended the quarter with essentially zero net debt and liquidity of over \$165 million.

QUESTION AND ANSWER

Questioner

Your Conda operations have taken on a number of projects and initiatives. Talk a little bit about what has been accomplished so far this year?

David Delaney

Absolutely. The team there has done a great job. We've essentially been operating two mines this year while building out new infrastructure, and we haven't missed a beat from a production standpoint and executed our capital projects on time and on budget.

Shortly after the close of the quarter, we reached the mechanical completion of the H1/NDR development program with all of the equipment and infrastructure needed to haul, stockpile, and rail ore from the new mine to plant completed and installed on time and on budget.

We expect to have over 1 million tons of ore stockpiled at the H1/NDR tipple by year end, ready to be shipped to the plant as needed. We've progressed the project design for the magnesium reduction project at Conda we announced last quarter, which will allow us to maintain rate at the plant as we transition to the new ore from the Husky mine, which has a slightly higher magnesium content than what we've been running from the Rasmussen mine.

This project will represent the bulk of the growth CapEx we anticipate spending on the remainder of the year, and our estimates for the total capital spent on the project through 2027 remain in line with our original forecast.

Questioner

You've spoken in the past about the need to continue to add new reserves and extend the mine life at Conda. Any details you can share on that process?

David Delaney

We had a very successful year executing our exploration and appraisal program at Conda. We completed 22 reverse circulation wells on our dry ridge lease and another 12 core drill holes on the Husky 3 and 4 leases as part of our dry ridge extension program. Our objective is to delineate resources and permit new mines on these leases as an extension of the new north dry ridge and Husky 1 leases progressing to the south.

We have already begun planning for the next exploration program targeting the Husky 2 and Freeman Ridge leases following a similar work scope and timeline as the dry ridge extension. Our steady, structured approach to evaluating potential resources and reserves, navigating the permitting process, and leveraging existing infrastructure and local relationships are designed to help us achieve our goal to extend our mine life well beyond the current 2037 plan in a cost-effective manner.

Questioner

Switching gears a bit, you posted some impressive numbers in Brazil this quarter. What were the factors that contributed to these results?

David Delaney

I am delighted for the team in Brazil to get this recognition for all of their hard work over the last few years to get those operations restarted with the financial results we put up this quarter. The operating success at the plant allowed us to take advantage of a strong local market, particularly for sulfuric acid, and we continued to execute on the fertilizer restart program, producing over 190,000 tons of dry products, an increase of over 126% compared to the same period last year. Our new products have been tremendously well received by local farmers.

We produced our first granulated product at Arraias at the end of last quarter following the restart of the granulation circuit, and during the third quarter, we were able to produce over 40,000 tons, sell over 37,000 tons, and generate over 6 million in revenues from this new product, nearly as much as we earned from sulfuric acid sales during the quarter.

Questioner

What's next in Brazil? How do you build on the recent achievements?

David Delaney

Our next major project will be to restart the beneficiation circuit, allowing us to produce SSP, a higher phosphate content fertilizer that is in high demand in the country. Our current expectation is to complete the beneficiation restart by the end of next year with SSP production targeted for 2027. The plant was originally designed to produce SSP, but the scope was too ambitious given the ore resources.

The structured step-by-step process we have employed to bring the plant back online over the past three years has given us some optionality that we didn't originally forecast from those operations. We view our Brazil operations as a meaningful driver of our overall growth in the coming years as the new products we have developed and are developing put us in a great position to meet the needs of that important global agricultural market.

Questioner

You announced another special dividend in your earnings release. Tell us some more details about that.

David Delaney

I'm very happy to announce the Board of Directors has approved a special dividend of C\$0.17 per share payable later this month as we successfully monetized the equity interest in St. George mining that we received as consideration for the sale of the Araxá Project that closed earlier this year. All told, we received almost 22 million before taxes and fees for the sale of the common stock we own from exercising the equity options we had received.

We will also receive the final \$11 million in cash compensation from the Araxá sale. The buyer agreed to accelerate the timing of this payment, and it was received on November 5th. Overall, we will have received almost \$43 million for the Araxá Project and funded total dividends of C\$0.22 per share.

Questioner

Let's talk about phosphate fertilizer prices. There's been a bit of a pullback here in the U.S. over the past couple of months on affordability concerns. What are you seeing out in the market and what are some of the factors that you think will be most important moving in the near term?

David Delaney

We talked about farmer affordability becoming more of an issue in regards to phosphate pricing last quarter. And I think that has been a primary driver over the recent pullback in prices in the U.S., though there are a lot of other factors that are influencing the market. There is no doubt that farmers are facing higher costs and as a result have done their best to delay fertilizer purchases.

This is typical each year simply on a seasonal basis, but clearly there is more incentive for them to wait as long as possible to make their buys ahead of the spring application season. Our MAP offtake agreement is priced off of the published FOB NOLA prices. The combination of farmer affordability concerns and the lack of international trade from the U.S. tariff policy has made for a very illiquid market.

We have seen very high bid-ask spreads on MAP cargoes in NOLA recently, some well over \$50 per ton versus the typical zero to \$5 per ton spreads. I think simply seeing more data points will

help smooth out some of the volatility and likely support the MAP prices as we move into the spring application season. A big factor in overall affordability is crop prices.

This crop year, the U.S. planted the most corn acres since the 1930s and the most recent forecast suggests yields will be up over 4% on a bushel per acre basis. Through October, China has not purchased any soybeans from the U.S., leaving farmers needing to find new markets to sell their products. These factors have all weighed on crop prices this year.

There has been some recent good news on these fronts. However, there is increasing anecdotal evidence that the U.S. corn yields may not be as high as originally expected. We'll see how this shakes out as the USDA updates its numbers, presuming the federal shutdown gets straightened out.

Also, there are reports that bad weather in China has significantly impacted their corn yields. Overall grain and oilseed stocks-to-use ratios were already expected to be at the low end of historical ranges, and if these data points are confirmed, that would further reduce global inventories, helping to support prices.

In addition, the recent trade agreement with China appears to have reopened that market to U.S. soybean farmers. The final details of those deals always seem to be in flux, but any sales are better than none, and initial reports seem to indicate that China will be a meaningful buyer going forward.

Operator

Thank you for those updates. Let me turn it back to you for some closing thoughts.

Conclusion

David Delaney

This has been a great year for the company from an operating perspective, and we are very happy that our commitment to creating value that has been reflected in our share price. As we move ahead, Conda remains the flagship asset of the company, responsible for the lion's share of the EBITDA and cash flow we earn, and we are focused on maintaining that value by continuing to work to extend the mine life and make consistent investments in the facility to ensure we can produce at industry-leading rates. The results at Arraias and the successful sale of the Araxá Project demonstrate how we remain committed to generating shareholder value from our international assets.

We have been tremendously successful over the past year in delivering on that goal, and I'm excited to keep the momentum going with the addition of the new products at Arraias and the long-term opportunities we have to maximize the value of our other projects at Farim and Santana. Thank you to everyone for listening and for your interest in the company. Our press releases and regulatory filings can be found on the Investor Relations section of our website at itafos.com, along with our current investor presentation. If you have any questions or would like to schedule a call with management, please reach out to us through our Investor Relations email at investor@itafos.com. Thank you.

Forward-Looking Information Disclaimer

Certain information contained in this discussion of the Company's earnings release and outlook constitutes forward-looking information, including statements with respect to: import and export tariffs; the Company's planned operations, strategies and projects, including the Magnesium reduction project; the timing for the commencement of operations and first ore at H1/NDR; the expected resource life of H1/NDR; exploration activities to extend mine life; and economic and market trends with respect to the global agriculture and phosphate fertilizer markets. All information other than information of historical fact is forward-looking information. Statements that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future include, but are not limited to, statements regarding estimates and/or assumptions in respect of the Company's financial and business outlook are forward-looking information. The use of any of the words "intend", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "would", "believe", "predict", "aim", "target" and "potential" and similar expressions are intended to identify forward-looking information.

The forward-looking information contained in this discussion of the Company's earnings release and outlook is based on the opinions, assumptions and estimates of management, some of which are set out herein, which management believes are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These include the Company's expectations and assumptions with respect to the following: commodity prices; operating results; safety risks; changes to the Company's mineral reserves and resources; risk that timing of expected permitting will not be met; changes to mine development and completion; foreign operations risks; changes to regulation; environmental risks; the impact of weather and climate change; risks related to asset retirement obligations, general economic changes, including inflation and foreign exchange rates; the actions of the Company's competitors and counterparties; financing, liquidity, credit and capital risks; the loss of key personnel; impairment risks; cybersecurity risks; risks relating to transportation and infrastructure; changes to equipment and suppliers; concentration risks, adverse litigation; changes to permitting and licensing; geo-political risks; loss of land title and access rights; changes to insurance and uninsured risks; the potential for malicious acts; market and stock price volatility; changes to technology, innovation or artificial intelligence; changes to tax laws; the risk of operating in foreign jurisdictions; the risks posed by a controlling shareholder and other conflicts of interest; risks related to reputational damage, the risk associated with epidemics, pandemics and public health; the risks associated with environmental justice; and any risks related to internal controls over financial reporting risks. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions is not exhaustive.

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