Itafos Inc.

First Quarter 2026 Update Call

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CORPORATE PARTICIPANTS

David Delaney--*Chief Executive Officer*

Jon Donnel—*Director of Investor Relations*

PRESENTATION

Jon Donnel
Welcome to the Itafos Inc. First Quarter 2026 Update Call. The commentary in this recorded call is being made available as of Monday, May 4, 2026.

This call includes forward-looking statements that may include certain non-IFRS financial measures. Please reference Itafos' most recent interim MD&A, financial statements, and annual information form for important disclaimers and a description of risk factors that could cause actual results to differ materially from any forward-looking statements we make on this call. These materials are also available on the Investor Relations section of the company's website.

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

David Delaney
Thank you, Jon, and welcome everyone to our quarterly update on the company's results and our outlook for the future. During the first quarter, we continued to run very well operationally. We generated revenues of 142 million, an increase of 5% year-over-year. First quarter 2026 benefited from higher product prices across the board at both Conda and Arraias, but the top line was somewhat offset by a shift in our product mix at Conda, where we sold more MAP than SPA compared to a year ago. The company recorded adjusted EBITDA of 18.4 million, below year-ago levels primarily due to higher input costs, especially sulfur and sulfuric acid. We will talk more about that in a bit.

On the operating front, we had a number of highlights. First, at Conda, we set a record MAP production for a quarter and overall utilization rates exceeded nameplate capacity. Maintaining these high utilization rates supports our EBITDA margins by fully absorbing our fixed costs and provided some relief to mitigate against the increasing raw material costs. Mining results at the North Dry Ridge mine have exceeded our internal expectations, providing consistent high-quality ore supply to the front end of the plant. This is foundational to Conda running at optimum levels.

We were pleased with our results at Arraias for the quarter despite the spike in raw material costs that negatively impacted the entire industry. The team in Brazil was able to be opportunistic in what was a very difficult market during the quarter, and the plant continues to meet local demand and be adaptable to volatile market conditions.

We also published an updated PEA for Arraias, supporting the economic case for our planned return to manufacturing SSP at the plant. We believe after the incremental upgrades and repairs to the facility and targeted drilling of the breccia and conglomerate zones at the pit, we will be able to generate another step change in EBITDA in Brazil, continuing the very positive turnaround in Brazil.

All-in-all, given the extreme volatility in the industry, especially on the input side of the equation, I am very pleased with our results for the quarter. Our team continues to work diligently to control what we can control, adapt to changing conditions, maximize operating profits and cash flows, and improve our assets and operations to position the company to generate value for our shareholders over the long run.

QUESTION AND ANSWER

Jon Donnel
Excellent rundown, David. Let's dive into some of the details of this market volatility, starting with your product prices. Where do you see the phosphate and specifically the MAP market going from here?

David Delaney
Okay. First off, the bias to the numbers is up given the supply chain dislocations stemming from the war in Iran. No vessels carrying phosphate have transited the Strait of Hormuz since the end of February. In a typical year, about 20% of global seaborne trade in phosphate goes through the Strait. This has been shut off for about two months, and the best indications are that it could take well over six months for trade and supply chains to get back to normal once the Strait reopens.

The immediate impact to global supply moves prices higher, and we have seen global MAP and DAP prices increasing anywhere from 15% to 30% depending on geography. Prices will continue to be supported as we enter the spring season in the Northern Hemisphere. And as inventories decrease, we could not anticipate much, if any, reset in prices this summer.

Itafos has not fully benefited from these trends yet. Our MAP offtake agreement is priced off a three-month rolling average of the NOLA MAP index. We will have some tailwinds on pricing given the recent moves in MAP prices off of the lows we saw in December. Those December prices were factored into our pricing formula each month during the first quarter, but during the second quarter, those will be replaced in the formula with higher prices witnessed in March. If prices stay at current levels or continue to move higher, we will continue to see a benefit, albeit on a lagging basis.

Jon Donnel
Let's talk a little bit about the sulfur market, which seems to be the biggest issue for the entire industry at the moment.

David Delaney
Sure thing. Let's just start with some facts. Sulfur prices have essentially doubled since the start of the war after increasing by over 200% over the course of 2024. On a mid-cycle basis, sulfur typically trades around 30% to 35% of DAP. At the beginning of 2025, that ratio was a bit lower, around 25% to 30%. But by the end of the year, the ratio was closer to 80% as sulfur had moved closer to $500 per ton while DAP was still in the $600 per ton range.

Last week, we saw some quotes for sulfur prices at or above $1,000 per ton, and the sulfur-to-DAP ratio was over 130%. The price of sulfur and the ratio of sulfur price to phosphate price is as high as we have ever witnessed and, frankly, is not sustainable. About half of the global trade of sulfur goes through the Strait of Hormuz, and much like phosphate, few, if any, vessels carrying cargo have transited the Strait since the start of the war. This supply shock is driving the significantly higher prices.

Global phosphate producers are being impacted from both an affordability and from an availability perspective when it comes to sulfur. Phosphate operations have been shut down in South Africa, Brazil, and China due to the higher input prices. Phosphate prices have not kept pace with increased sulfur and ammonia costs, so companies higher up on the cost curve aren't making the economics to support continued production in the short run.

Other producers have scaled back operations due to a lack of availability of sulfur. Even at the elevated prices, the sulfur is simply not available in certain markets. The most eye-opening example is OCP in Morocco. By far the largest integrated phosphate producer, they receive the majority of their sulfur needs from the Middle East via the Strait of Hormuz. OCP announced they are pulling forward plant maintenance in the second quarter of 2026, reducing production rates by up to 30%, presumably to offset lower sulfur availability.

Despite the slowdown in sulfur demand from the world's largest consumer, sulfur supply remains incredibly tight across the globe. This reaction by OCP has the knock-on effect of also tightening an already short phosphate market. We could see prices come down quickly if and when the Strait reopens, but given where prices are now and the length of time that it will take supply chains to shore up, we would expect sulfur prices to remain elevated above historical averages for the foreseeable future.

Jon Donnel
What is Itafos as a company doing to mitigate against these higher input prices?

David Delaney
I think it's important to look at this from both the affordability and the availability perspective. Let's start with the availability side. Itafos is fortunate to have solid long-term relationships with our suppliers of sulfuric acid and ammonia, the two largest inputs and input costs in our phosphate production cycle. Outside of phosphate rock, where we have integrated operations from the mine through our plants at both Conda and Arraias, we purchase about 60% of our sulfuric acid needs under a long-term agreement with Rio Tinto that has been in place for about 30 years.

Rio Tinto produces sulfuric acid as a byproduct at its mining operations in Utah, which they sell to us under a formulaic price that is based on a spot sulfur index. We pay higher prices for this input when sulfur prices go up, and as you can see from our first quarter results, but we do have a ready supply of this important input. On the ammonia side, we source all of our ammonia needs at Conda from a wholly-owned subsidiary of Nutrien under a long-term contract. We receive anhydrous ammonia with a contract price based off of Alberta, Canada natural gas prices. These prices have been much less volatile than a spot ammonia index price.

So from an availability perspective, we are covered and we do not anticipate we will have any issues sourcing our input material needs from our long-term suppliers. That being said, affordability is likely to continue to be an issue for all the reasons noted above that pertain to the entire industry and the global economy. We have been opportunistic in the spot market, securing sulfuric acid or sulfur at competitive or even sometimes below-market prices. We will endeavor to produce similar results going forward.

While published index prices have been increasing, some suppliers of these raw materials don't always have multiple options or customers to sell to, or they may not be easily able to get their products to distant markets to capture the theoretical higher netbacks. Sourcing raw materials has taken on a much more important role for phosphate producers all over the world. We will continue to be diligent in managing this process at both Conda and Arraias. Our teams at each location have proven to be very entrepreneurial and opportunistic in running their operations, and I am confident we have the right people and processes in place to manage through the current market and optimize results to the best of our ability.

Jon Donnel
There's also been a lot of discussion in the market about fertilizer affordability from the farmer's perspective. How does this impact Itafos, and how does the company work to alleviate this issue for American farmers?

David Delaney
Since the beginning of the conflict, while we have seen some positive price movements, crop prices have not increased as much as input prices, exasperating the affordability issues for farmers. On the positive side, indications are that US farmers will get additional support from the federal government in the form of direct support and price loss coverage to help them through this difficult market.

The first 12 billion of payments were made in February of this year, and the Secretary of Agriculture announced that in late April that a second round of supplemental disaster relief program payments will be available for farmers, which should also help with the availability of operating loans for the upcoming season.

In addition, there is support in Congress for up to an additional 20 billion in ad hoc payments to support farmers, though details remain to be confirmed and legislation would have to be passed by Congress. These payments should help farmers manage through the coming crop year, but it looks like it could be a difficult year for US farmers, particularly if yields continue to remain at the current high levels.

The stocks-to-use ratio for grains and oilseeds has risen over the past couple of years, driven by very high yields, so there is crop inventory that needs to be worked off. On the fertilizer supply side, the government has made a number of announcements demonstrating a willingness to support US production and manufacturing.

The USDA has met with fertilizer companies to discuss specific ways that can develop new projects where the federal government could help remove barriers, whether from a regulatory or capital perspective. All of this could positively impact the market by helping add incremental supply, but realistically, these are all long-term solutions.

At Itafos, our contribution to solve these issues also just so happens to line up with our internal focus to drive long-term value to our shareholders. We continue to invest in our assets and people to ensure that our plants run as efficiently as possible. We invest in exploration and development capital to identify new resources and to receive permits to develop reserves to provide a runway to maintain or increase production for years and decades to come.

At Conda, we are proactively investing in a $100 million project to eliminate the higher magnesium concentration that we have sampled at our new Husky 1 mine that we will actively develop in 2028. This project will enable us to maintain industry-leading utilization rates at Conda and provide optionality towards producing additional supplies of SPA. This will be especially important as another domestic producer of SPA will be facing acute challenges from declining ore reserves by the beginning of the next decade.

In addition, we are investing about 8 million per year in exploration and appraisal projects in Idaho with a goal to identify and permit additional phosphate reserves to support operations at Conda beyond our current technical mine life through 2037. We are targeting NI 43-101 technical reports and the associated permits to develop new projects on our Dry Ridge extension and Husky 2/Freeman Ridge leases over the next five years. In short, we are reinvesting in our business to continue to ensure that we can produce as much fertilizer as we can, as efficiently and as safely as we can, supporting the US farmers and our shareholders.

Jon Donnel
That's very helpful, David. You've covered a lot of territory as always. Any final thoughts?

Conclusion

David Delaney
Yeah, thanks. I want to thank all of our team members in our company for their continued efforts to make this company all that it can be every day. I am extremely proud of our ability to be entrepreneurial and find creative ways to continually make the most of the current situation and maximize results for the company.

These attributes will be tested in the coming quarters as the world reacts to these volatile times, but I am confident that we have the right people in place to be able to thrive and that the company is well-positioned to deliver value to its shareholders over a long-run basis on the solid fundamentals underpinning the domestic and global phosphate markets.

I appreciate everyone's interest in our company and happy to be able to share my thoughts on the market and Itafos with you. If you have any questions or wish to continue the conversation, please reach out to us directly through our website or email at investor@itafos.com.