Itafos

2026 Second Quarter Update Call

August 7, 2026, 9:00 AM ET

CORPORATE PARTICIPANTS

Jon Donnel - *Director of Investor Relations*

David Delaney - *Chief Executive Officer*

PRESENTATION

Operator
Good day, welcome to the Itafos 2026 second quarter update call. All participants will be in a listen only mode.

I would now like to turn the conference over to Mr. Jon Donnel, Director of Investor Relations. Please go ahead, sir.

Jon Donnel
Thank you, Chuck. Welcome to the Itafos second quarter 2026 update call. The commentary in this recorded call is being made available as of Friday, August 7, 2026.

This call includes forward-looking statements and may include certain non-IFRS financial measures. In discussing the company's future projections, any predictions and future expectations are based on the opinions, assumptions, and estimates of management, which management believes to be reasonable. These 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 expressed in the forward-looking information that we provide. You should not place undue reliance on any forward-looking statements mentioned on this call. We use non-IFRS financial measures to help investors better understand our operating performance.

These non-IFRS measures do not have any standardized meaning under IFRS and may not be comparable to similar financial measures used by other companies. Non-IFRS measures should not be considered as a substitute for, nor superior to, the measures of financial performance prepared in accordance with IFRS. Further details regarding the non-IFRS financial measures discussed on this call, including reconciliations to the most directly comparable IFRS measures, can be found in the earnings release dated August 5, 2026.

With that, I'd like to turn the call over to Itafos' 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 outlook for the future. Itafos recorded consolidated revenues for the quarter of $144 million, an increase of 14% compared to the same period last year, driven by higher product prices and higher fertilizer and sulfuric acid prices and volumes in Brazil.

We generated adjusted EBITDA of just under $18 million, representing an adjusted EBITDA margin of 12.4% on a consolidated basis. This margin decreased by about 50 basis points on a sequential basis, but was very resilient given continuing increases in raw material cost, namely for sulfur.

At Conda, we successfully executed our annual turnaround that was completed on time and on budget. Conda has a long history of operating at peak utilization levels, and this quarter was no different. We produced comparable volumes of fertilizer at the plant this quarter as the same quarter last year, despite the industry-wide supply chain and logistics issues that caused some of the largest competitors to shut in production.

At Arraias, our team continues to improve operations, increase EBITDA generation, and exceed internal expectations. During the second quarter, we increased fertilizer production by 62% on a year-over-year basis. Sulfuric acid sales were limited by the availability of sulfur purchases due to the ongoing market dislocations, but we were able to opportunistically step into an undersupplied market to generate higher revenues and EBITDA compared to the same quarter last year. This was all accomplished while the sulfuric acid plant was down for about 45 days for a turnaround.

We pride ourselves on our ability to operate our plants efficiently and maximize fertilizer production. This quarter clearly demonstrated our team's ability to deliver on those metrics in what may have been the most challenging environment for the industry that I can remember. Furthermore, we met our high internal safety standards as our total TFIFR decreased to 0.53 as of June 30.

As we look forward, global supply chains for phosphate, sulfur, ammonia, and other commodities continue to be disrupted by the ongoing conflict in Iran. We expect this to negatively affect operating margins, most likely through the end of the year. It is unclear when the Middle East may stabilize or what the new normal will look like, or how long it may take for that to be achieved.

That said, Itafos continues focus on controlling the things that we can control. The company is fortunate to have well-established relationships with key customers and suppliers that allow for us to efficiently run our business and deliver vital products to the domestic and global agriculture industry. I remain confident of the long-term opportunities in our industry and in the ability of Itafos to continue to prosper as we move forward.

QUESTION AND ANSWER

Jon Donnel
Thanks, David. It's clear that sulfur and sulfuric acid availability and affordability is at the top of every phosphate producer's mind, that those have been critical factors in how profitably their plants can operate or if they can even operate at all. During the quarter, Itafos was able to agree with Rio Tinto, the supplier of the majority of Conda's sulfuric acid needs, on an amendment to the long-term sulfuric acid contract. Tell us what you can about the revisions of this contract and the impacts that they had on the most recent results and what we can expect going forward.

David Delaney
Sure thing. First, some high-level background - Conda and Rio Tinto have had a commercial relationship going back some 30 years, where Rio provides sulfuric acid to Conda on a ratable basis. Conda purchases about 60% of its sulfur needs as sulfuric acid to make MAP, MAP+, and SPA from Rio's Kennecott Copper Mine in Utah. Before the amendment, Conda purchased sulfuric acid from Rio on a formulaic basis where the price was based on the Vancouver Sulfur Index. The new terms set the price based on the Tampa Index and also includes provisions to shield each party from extremes in the underlying commodity price. Sulfur prices have spiked to over $1,200 per ton since the start of the war, but were as low as $54 per ton as recently as 2023.

The new terms give both parties more certainty of the price to be paid, and therefore, facilitate each company to run its operation at maximum rates, allowing for optimized fixed cost absorption and ultimately higher operating margins. The amendments became effective in May and had an immediate positive impact on our financial results as the Tampa Sulfur Index was below the Vancouver Index throughout the second quarter, and that remains the case currently.

Reaching a mutually beneficial agreement on the sulfuric acid pricing was a positive development for Itafos, and we were able to reach a consensus because of our long-standing relationship with

Rio Tinto. Rio has been a critical supplier for decades, and we view our association more as a partnership than as a vendor.

Both Itafos and Rio understand the importance of our operations for U.S. farmers to have access and availability to the phosphate fertilizer that is so critical to their ability to grow crops and generate income.

U.S. farmers have been facing a very difficult market for a number of years, where the input costs for fertilizer have increased at a faster rate than crop prices, in much the same way that higher input costs for sulfur and sulfuric acid have impacted Itafos' operating results. The amended long-term agreement between the companies helps to ensure that Itafos will have access to vital raw materials required to make the fertilizers that farmers need to replenish the nutrients in the soil and to help optimize crop yields.

Having a ratable domestic supply of sulfuric acid, in turn, phosphate fertilizer, insulates U.S. farmers from a portion of the global supply chain that has been affected by events far from home, that are outside of our control and should help to moderate input costs over the long run.

Jon Donnel
Clearly, that contract amendment was of vital importance to the company, but Itafos still has to source a significant amount of sulfur at both Conda and Arraias for its fertilizer manufacturing operations. What's your outlook for sulfur prices, and can we expect any relief any time soon?

David Delaney
Yes, Jon, the lack of availability of sulfur in the global marketplace, especially for phosphate fertilizer companies, has driven prices to record levels. Before the start of the war in Iran, about 45% of the global trade of sulfur transited through the Strait of Hormuz. Following the ceasefire announcement in June, a few cargoes were able to emerge from the bottleneck, but those volumes had all sold before the start of the war, so these improvements did not have much impact on spot prices or provide new availability to the market. In addition, China has eliminated sulfuric acid exports to help stabilize its domestic market, further diminishing global sulfur supplies. Russia announced that it has extended the suspension of all sulfur exports through the end of the year, and all transport from Kazakhstan has also been suspended.

These policies may help domestic supply in Russia, but the ongoing conflict, ongoing targeting of refineries has limited overall supply in the country and exacerbated the supply chain disruptions related to the Strait of Hormuz. Spot prices appear to plateau and perhaps show signs of starting to roll over, but remain at record levels. Vancouver spot prices held at $1,100 per ton for all of June, then saw a small decline to start Q3. Spot prices in the Middle East, China, and Brazil are all above $1,000 per ton. Until vessels can regularly transit the Strait of Hormuz, it is unlikely that prices will decline even to the elevated levels that were there before the war started. These facts all point to cutbacks in rate from the majority of phosphate producers across the globe.

Itafos has some exposure to the spot sulfur market at both Conda and Arraias, but given our supply, contracts and location, we expect that they will be able to continue to operate at full levels and produce products at or near nameplate capacity.

Jon Donnel
Well, that sounds relatively positive. Costs are clearly still an issue, but what about product prices? A lot of the same factors raising sulfur prices are having similar impacts on fertilizers. What

variables do you have your eye on, and where do you see prices going from here over the next few months?

David Delaney
Availability issues have been the main driver of higher phosphate fertilizer prices since the start of the war, and almost all of the recent data points suggest that there will be little relief on this front, at least through the end of the year. Export supply fell precipitously in February. China announced P2O5 export restrictions through August at the beginning of the year. But the continued elevated sulfur prices have led to phosphate production shut-ins, and it is increasingly looking like no additional MAP or DAP exports will be made through the remainder of the year and possibly well into 2027. China exported over 5 million tons of DAP and MAP in 2025, and that has largely been removed from the equation this year.

OCP shut in production during the quarter by accelerating the maintenance and turnaround work, but also due to the lack of sulfur supply as the Strait of Hormuz closed. Indications are that they may have since increased production rates, but Argus estimates that their export volumes will decline by about 20% in 2026, removing about 1.4 million tons of DAP and MAP from global trade.

Production shut-ins have been announced by Mosaic in the U.S. and Brazil and by producers in Russia and South Africa. Saudi Arabia has tried to take up some of the slack by finding alternative distribution channels, but higher transportation costs to get product to Yanbu for deliveries via the Red Sea will add further pressure to global prices.

As previously stated, high costs for sulfur, sulfuric acid, and ammonia are likely to persist into next year.

High fertilizer prices have created demand destruction as farmers have delayed or deferred applications in an attempt to improve their economics. That strategy will be increasingly difficult to execute into the upcoming planting seasons as the prospects of decreasing yields due to low applications become more widespread.

Overall, we expect prices to remain high, though mostly not high enough to meaningfully move operating margins back towards historical levels, as raw material prices are also forecast to stay elevated. The Profercy forecast published this last week calls for MAP NOLA prices to remain above $800 per short ton to the end of the year and remain well above prior estimates into 2027.

Jon Donnel
That sounds like there will be some tailwinds on the product side at the end of the year, which is [audio gap], but it also seems like it could be an issue of affordability from a farmer’s perspective. What’s your take on that topic? And are you seeing any relief coming for domestic farmers who’ve had a rough go of it the last few years?

David Delaney
Well, thankfully, we have begun to see some relief for farmers as crop prices have started to move in the right direction. Recently, futures for corn have approached $5 per bushel, wheat nearing $7, and soybeans around $12. On a combined basis, these prices rose by about 10% during July and about 17% since the start of the year, supported by a number of factors. Weather has not been great for global yields. The onset of super El Nino event is looking increasingly like to impact crop production in Southeast Asia and Australia, and monsoon rainfall in India was about 12% below average in June and July, with August and September forecasted to be about 6% below average.

Much of Europe has experienced a severe drought this summer, and the U.S. has been hampered by areas where it's too hot and dry, like the Dakotas, or too wet, like the Southeast. The supply chain disruptions that are impacting commodity prices have downstream impacts on agriculture as affordability and availability issues for fertilizer, sulfur, and energy impact farmers' yields.

On the policy front, the U.S. House of Representatives has passed an incremental $12 billion farmer aid package in a recent budget resolution. This would bring total federal farm packages to over $56 billion in 2026, should it also pass the Senate. The USDA had estimated a small increase in net cash farm income for 2026, and these developments may add some upside to those estimates and give U.S. farmers some more breathing room after what has been a very difficult few years.

CONCLUSION

Jon Donnel
Well, that sounds good. Are there any closing remarks, David?

David Delaney
First of all, I'd like to thank everyone for their interest in our company. It's the nature of the business to start the analysis from the bottom line. Q2 '26 doesn't look as good as Q2 '25 from that perspective, but the reality is that we performed as well or better in this quarter than we did in the same time last year. We continue to learn from our past experiences, apply what works well, and change whatever didn't meet our expectations. We have an honest and open internal dialogue where we share best practices, acknowledge issues, and celebrate achievements. This was a very hard quarter, and the industry remains in the thick of the most difficult operating environment than I can remember in my career.

That said, I'm grateful to the teams running our assets who continue to get as much from our operations as we can on such a consistent basis. Despite the near-term headwinds, I'm very confident in the long-term opportunities I see ahead for the business and of Itafos' ability to produce products for farmers and value for our shareholders. Thank you.

Operator
The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.