Itafos

Third Quarter 2026 Update Call

Thursday, November 05, 2026

CORPORATE PARTICIPANTS

David Delaney--*Chief Executive Officer*

Jon Donnel--*Director, Investor Relations and Corporate Strategy*

PRESENTATION

Operator
Welcome to the Itafos 2026 Third Quarter Update Call. [Operator Instructions].

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, Gary. Welcome to the Itafos, Inc. third quarter 2026 update call. The commentary in this recorded call is being made available as of Thursday, November 5th, 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 are reasonable.

These opinions, assumptions, and estimates are inherently subject to a variety of risks, 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 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 November 4th, 2026.

With that, I would 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 our outlook for the future. I am pleased to report on another successful quarter for Itafos, especially in light of the ongoing conflicts in the world that are negatively affecting the global phosphate industry.

In a quarter where we continued to see production curtailments, mines being idled, and exports halted, we maintain industry-leading operating rates and achieved a number of milestones that will enable us to continue to execute our long-term strategic goals while navigating the challenging market conditions.

During the quarter, we recorded consolidated revenues of $161 million, an increase of 5% compared to the same period last year, driven by higher realized sales prices on products produced at both Conda and Arraias. We generated adjusted EBITDA of $14.4 million, representing an adjusted EBITDA margin of 8.9%. Our adjusted EBITDA margin decreased by 350 basis points on a sequential basis as raw material costs remained at historically high levels for both our US and Brazil operations.

At Conda, production was just over 134,000 tons, up about 6% sequentially, coming off the turnaround in June, but was below our forecast and down by about 8% compared to the same period last year. The lower than expected total production was the result of about a week of unplanned downtime at the facility's sulfuric acid plant at the tail end of the quarter, which fully offset the higher than budgeted production that was achieved during the first two months of the quarter.

The issues causing the unplanned downtime have been fully mitigated, and production is back to historical rates during October. It is a testament to the team at Conda's ability to consistently deliver superior operating rates that a drop in utilization to approximately 97% of nameplate capacity during the quarter is of note.

At Arraias, the staged restart of our fertilizer production over the last couple of years has left us well-positioned to adjust to an increasingly difficult market. Farmer affordability is generally discussed from the perspective of the US market, but the same drivers have been negatively impacting the market in Brazil, where total NPK usage may drop to as low as 40 million tons in 2026 versus about 49 million tons in 2025, with the majority of that difference coming from phosphate.

Yet our team has continued to deliver high-quality products to meet the market demand, growing production and sales of our newest granulated, partially acidified phosphate rock product by 28% and 39% on a year-over-year basis. We continue to opportunistically supply sulfuric acid needs throughout the country, but high sulfur prices negatively impacted our adjusted EBITDA margins during the quarter.

Regardless of the challenges we continue to face, the company remains steadfast in its core value of putting safety first. I'm very pleased to report that our TRIFR held firm at 0.53 during the quarter, a level well below industry averages, and we have no reportable environmental releases this year, continuing a trend dating back to the last decade.

QUESTION AND ANSWER

Jon Donnel
Thanks for the recap, David. There was another announcement at the end of the quarter that Itafos refinanced its credit facilities. What details can you provide on the transaction, including the timing and the near-term impacts for the company?

David Delaney
We were happy to get that transaction completed, and I want to thank everyone in our leading syndicate for their continued support of the company. We have worked very hard as a management team since I came on board to shore up our balance sheet and establish trust with our financing partners. And I think this deal shows just what we've been able to accomplish as a company on those fronts.

Refinancing allowed us to maintain our $80 million revolving credit facility and expand our term loan facility from $100 million to $140 million with a term of the both extended to the end of the third quarter 2029. The refinancing timing was planned and consistent with our strategy of extending the maturity of our facilities as they approach the one-year maturity.

Despite the market volatility, we received significant support from our lenders due to a very strong balance sheet with minimal net debt. Our consistent history of industry-leading production rates

and the mine life expansions that we have completed at Conda and Arraias. The structure and covenants associated with our facilities remain consistent, but we were pleased to be able to announce the decrease in the loan margin on the term loan by 75 basis points.

2027 will be another year of high overall capital expenditures for the company, much like 2026, and we continue to face a challenging market. However, the enhanced liquidity from the new credit facilities set us up well to continue to execute on our long-term growth capital projects.

Jon Donnel
That's great. Thanks, David. Also of note, the Tampa sulfur contract closed a little bit later than normal this quarter, but the price was down from the record level we saw in Q3. What are you seeing in this market and can the industry expect any more relief going forward?

David Delaney
Yeah, we were happy to see the fourth quarter Tampa sulfur index price settle during the middle of October at $615 per ton, down off the all-time high of $705 in the third quarter. This is certainly a step in the right direction. But remember that the index was at $310 per ton during the fourth quarter of 2025. So prices are still almost double what they were last year.

The new Tampa price is trading around 75% of the current NOLA MAP price, again well above the historical average of about 25% to 30%. Our sulfuric acid contract with Rio Tinto that was renegotiated during the second quarter provides us with some insulation from the extreme ends of these price ranges and gives us rate supply rateable supply for about 60% of our sulfuric acid needs.

During the third quarter, our commercial team at Conda was able to price the majority of our remaining sulfur needs off the Tampa index that was running about $400below the Vancouver market, which further supported our utilization rates and operating margins. The sulfur and sulfuric acid markets in Brazil remain exceptionally volatile.

Our team has been operating our sulfuric acid plant at Arraias opportunistically, which has resulted in lower than budgeted sales volumes year-to-date. Operating margins on our sulfuric acid sales have been above budget this year, but we have seen large fluctuations from month to month based on the current raw material and product prices in the market.

Overall, it is encouraging that we started to see the first cracks of global sulfur prices at the end of the third quarter. While this is a positive step in the right direction, there is still a long way to go before production economics in our industry will justify the return of production volumes that have been curtailed since the start of the war.

Jon Donnel
That leads us into the discussion on phosphate fertilizer markets. Domestic prices have been steadily increasing as of late. What are some of the drivers of this trend and where does it look like things are heading into 2027?

David Delaney
Yeah, MAT NOLA prices are at $823 per ton and have been above $800 per ton since mid-September. A sampling of third-party analyst indicates expectations are for prices to hold firm through the end of the year and maintain levels around $800 per ton average over the course of 2027. Global production continues to be curtailed, primarily stemming from the high global sulfur costs that have simply made it uneconomic for many to produce phosphate fertilizers.

China has probably seen the most significant changes to its domestic production of any of the primary producing countries in the world. Recent reports indicate that 17 plants in the country were offline at the peak of curtailment, which would represent almost 6 million tons per year of DAP and MAP production capacity at peak rates.

Currently, we believe that six of those plants are still fully offline, representing about 2 million tons of capacity, and the other 11 have resumed some production, but are likely running at lower rates. Expectations are now that China will remain out of the MAP and DAP export market well into 2027, removing about 5 million tons of global trade versus average levels between 2022 and 2025.

Mosaic has cut rates at four of its US plants and announced the idling of its South Fort Meade mine last month and associated reductions in its workforce. US phosphate supply has become increasingly tight, which has been a large driver of the recent increase in the MAP NOLA index prices. Even the largest producer in the world, OCP, has been forced to cut production rates due to the lack of availability and the unaffordability of sulfur.

OCP pulled forward turnarounds in the first half of the year to help deal with these issues. But even as those were finished and the sulfur markets have softened from historical highs, Argus estimates that run rates have remained well below historical levels and that total output is expected to remain below 2020 2025 levels into 2027.

More of OCP's production and exports have been shifted to TSP to help avoid the high ammonia cost and sulfur cost. Overall, the lack of production and global trade during 2026 will leave the phosphate market exceptionally tight heading into 2027.

Argus estimates that global DAP, MAP, and TSP imports will only be about 25 million tons in 2026, down almost 7 million tons over or over 20% from their estimates at the beginning of the year. While the amount of the differential is expected to tighten over the next four years, Argus still assumes less annual trade each year to 2030 now compared to their forecast earlier this year.

Jon Donnel
The raw material costs and product price trends sound positive, but what about farmer affordability concerns, especially in the US? Do these forecasts suggest more fertilizer demand destruction?

David Delaney
That's certainly a concern as we head into the fall season. Corn, soybean, and wheat prices all rallied through the end of the third quarter, somewhat counter-intuitively versus the typical seasonal cycles, which seemed to help out the farmers' economics as they were making their 2027 plans.

Unfortunately, the rally backtracked and has almost full circled since. The USDA's WASDE report in mid-October increased the inventory levels from the prior crop and increased yield expectations for the crop year. We will be watching the November and December reports closely as the yield expectations had been dropping throughout the year as a result of lower fertilizer applications and some poor weather conditions.

And a very positive point to note on this front is that the USDA announced another $8 billion aid package for US farmers in October for fuel relief. The addition of this one-time payment brings

total federal benefits to farmers to over $55 billion this year, which certainly should help to offset the higher diesel, fertilizer, and equipment price farmers have been facing.

Jon Donnel
2026 and 2027 are high capital spending years for Itafos. Perhaps not ideal given all of the current market dynamics, but certainly the new credit facility should help on that front. What can you tell us about how the major projects at Conda and Arraias are progressing?

David Delaney
At Conda, the magnesium reduction project that makes up the vast majority of our growth capital expenditures continue to be executed well during the third quarter. As we announced last quarter, we have moved the plan tie-in of the completed project to 2028, also moving our plan long-turnaround to 2028 versus 2027.

The timing change helps us to derisk the project execution and gives us some more cushion around the schedule, which is prudent given the global supply chain issues stemming from the war and other factors. We hit all of our major milestones for the project during the third quarter, and we were pushing to have mechanical completion of the project accomplished by the end of the next year to give ample time for full integration and startup following the turnaround in the second quarter of 2028.

We completed our exploration and delineation drilling program for the year in the middle of last month. We have maintained steady progress as we work towards completing and updating 43101 for the dry ridge extension over the next couple of years. We also continue to prepare for future drilling on the Freeman Ridge, Husky 2 extension between H1/NDR, dry ridge, Freeman Ridge and Husky 2 leases.

We believe we will be able to demonstrate that our resources are in place to support operations at the Conda plant well into the back half of the century. Southeast Idaho has some of the best phosphate reserves in the country and benefits from a friendly regulatory environment for mining operations in an under populated part of the country, all of which is a huge benefit to our operations.

At Arraias, our primary focus is on the refurbishment and restart of the beneficiation circuit to support a return to SSP production. We continue to hit our milestones in relation to this project. This is the next step in the fertilizer restart program in Brazil that has helped turn an idle asset into a driver of EBITDA and cash flow growth for the company.

As things currently stand, we are well positioned to be able to complete the work and to produce SSP in 2027 as planned, but given the current market conditions, we will evaluate all of our capital spending in light of the company's liquidity requirements while considering impacts to our leverage ratio.

We will also continue to produce the other dry fertilizers we have brought to market over the past few years, DAPR, PAPR and granulated PAPR. These products have been very well received by local farmers and help to bridge gaps in the market that optimize farmer's mix of P2O5 needs operating margins and credit capacity.

The staged restart of fertilizer operations at Arraias has allowed the team to be very entrepreneurial and opportunistic to optimize product mix in what has been a very volatile

Brazilian market. We will continue along the path as we move through 2027, balancing EBITDA generation, changing market demands and internal capital needs.

Jon Donnel
The results this year have certainly not resembled anything that anybody in the industry was expecting heading into the year, but given that caveat, what do you see for 2027 and beyond?

David Delaney
Well, 2026 has been exceedingly difficult for the industry, but I am very satisfied with how our team has navigated the market conditions and optimized our results. Our thesis heading into 2026 was that the mid-to-long-term outlook for the industry was bullish based on a tight supply-demand balance, given the difficulty to bring in new capacity online, decreasing reserves from historical industry leaders and a step change in demand for non-traditional downstream markets such as LFP batteries.

As supply chain disruptions have turned 2026 forecasts on their head, these longer-term drivers seem more certain as we look to 2027 and beyond. The loss of production from 2026 creates an even tighter starting point for the supply-demand balances and incremental capital projects face much more scrutiny as availability of raw materials and new operating margin scenarios must be considered and risk re-evaluated.

Itafos is well positioned to benefit from these longer-term trends as we have access to high quality ore at both of our operating plants, strong long-term contracts, solid customer and supplier relationships and excellent assets that continue to run at historically high and industry leading levels while so much of the global competitors are curtailing production.

Our recently completed long-term debt refinancing should provide ample liquidity for the company to continue to execute on a day-to-day basis and invest in our operations to ensure consistent results for our shareholders in the years and decades to come. We have seen some dark days this year, but I remain very optimistic for the industry and for our company as I look to the future.

I appreciate your interest in our company. If you have any questions or would like to meet with management, please contact us directly through our website or send an email to investor@Itafos.com and we will be happy to continue the discussion. Thank you.

Conclusion

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

Disclaimer of Forward-Looking Information

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 costs and availability of raw materials to produce fertilizer products; the impact of hostilities in the Middle East and the Company's expectations around such hostilities and other geopolitical developments and the impact of such developments on global supply chains and commodity prices; the Company's expectations regarding the benefits, terms and effects of key supply and offtake agreements including the sulfuric acid supply agreement and any amendments thereto; the Company's planned operations, strategies and projects; government incentive programs affecting the fertilizer industry; weather and climate conditions affecting global crop production; the affordability of the Company's products for its end users; 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 "anticipate", "plan", "should", "continue", "estimate", "expect", "may", "will", "project", "would", "believe", "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, among others, the Company's expectations and assumptions with respect to the following: commodity prices; operating results; 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; and the risk of operating in foreign jurisdictions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions is not exhaustive and additional risks, uncertainties and assumptions affecting the forward-looking information are described in greater detail in the Company's Annual Information Form and current Management's Discussion and Analysis available under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.itafos.com. The forward-looking information included in this discussion of the Company's earnings release and outlook is expressly qualified by this cautionary statement and is made as of the date of this discussion.

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