ITAFOS

News Release

TSX-V: IFOS

ITAFOS REPORTS RECORD Q2 AND H1 2022 RESULTS, UPDATES FULL-YEAR 2022 GUIDANCE

Q2 2022 Key Highlights

- revenues of $155.0 million
- adjusted EBITDA of $63.6 million
- net income of $44.3 million
- basic earnings of C$0.30/share
- free cash flow of $41.3 million

H1 2022 Key Highlights

- revenues of $304.9 million
- adjusted EBITDA of $124.0 million
- net income of $77.3 million
- basic earnings of C$0.52/share
- free cash flow of $95.7 million

June 30, 2022 Key Highlights

- trailing 12 months adjusted EBITDA of $213.1 million
- net debt of $146.2 million
- net leverage ratio of 0.7x

Revised FY 2022 Guidance

- adjusted EBITDA guidance of $210-230 million (maintained)
- net income guidance of $100-105 million (previously $80-95 million)
- basic earnings guidance of C$0.69-0.72/share (previously C$0.55-0.65/share)
- maintenance capex guidance of $18-22 million (previously $15-23 million)
- growth capex guidance of $18-21 million (previously $15-22 million)
- free cash flow guidance of $150-165 million (maintained)

CEO Commentary

“We are pleased to report record performance during the second quarter and first half of 2022 in terms of safety and financial results along with continued strong operational performance. Our trailing 12 months adjusted EBITDA of $213 million represents a new Company record and has allowed us to make significant progress toward deleveraging our balance sheet, resulting in a net leverage ratio of 0.7x at the end of the period,” said G. David Delaney, CEO of Itafos.

“For the quarter, we recorded $155.0 million of revenues and $63.6 million of adjusted EBITDA on the back of continued strong production out of our Conda facility and positive contributions from running our sulfuric acid plant at Arraias.”

“We have also updated our full-year guidance for 2022 to reflect the continued strength of the business and market fundamentals. Finally, we remain focused on our key objectives, including extending Conda’s current mine life through permitting and development of H1/NDR and evaluating strategic alternatives for our non-North American assets.”

HOUSTON, TX – August 11, 2022 – Itafos Inc. (TSX-V: IFOS) (the “Company”) reported today its Q2 and H1 2022 financial and operational highlights. The Company’s financial statements and management’s discussion and analysis and annual information form for the three and six months ended June 30, 2022 are available under the Company’s profile at www.sedar.com and on the Company’s website at www.itafos.com. All figures are in thousands of US Dollars except as otherwise noted.

Q2 and H1 Market Highlights

DAP NOLA prices averaged $860/short ton ("st") in Q2 2022 compared to $571/st in Q2 2021, up 51% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics. Similarly, DAP NOLA prices averaged $827/st in H1 2022 compared to $536/st in H1 2021, up 54% year-over-year. Specific factors driving the year-over-year improvements in DAP NOLA were as follows:

- limited supply additions;
- global coarse grains and oilseeds at multi-year low stocks-to-use ratios supporting fertilizer relative affordability;
- continued drawdown of inventory levels;
- increased restrictions and controls on exports from China; and
- disruptions to fertilizer and raw materials supply from Russia due to sanctions imposed by certain countries following Russia's invasion of Ukraine.

Q2 2022 Financial Highlights

The Company's revenues, adjusted EBITDA, net income, basic earnings per share and free cash flow were all up in Q2 2022 compared to Q2 2021 as follows:

- revenues of $155.0 million in Q2 2022 compared to $103.3 million in Q2 2021;
- adjusted EBITDA of $63.6 million in Q2 2022 compared to $33.7 million in Q2 2021;
- net income of $44.3 million in Q2 2022 compared to $9.6 million in Q2 2021;
- basic earnings of C$0.30/share in Q2 2022 compared to C$0.06/share in Q2 2021; and
- free cash flow of $41.3 million in Q2 2022 compared to $25.4 million in Q2 2021.

The increase in the Company's Q2 2022 financial performance compared to Q2 2021 was primarily due to higher realized prices at Conda, which were partially offset by higher input costs, and the restart of the sulfuric acid plant at Arraias.

The Company's total capex spend in Q2 2022 was $16.0 million compared to $18.2 million in Q2 2021 with the decrease primarily due to a shorter turnaround at Conda in 2022 compared to 2021, which was partially offset by activities related to the initiative to produce and sell HFSA at Conda and maintenance activities at Arraias related to the restart of the sulfuric acid plant.

H1 2022 Financial Highlights

The Company's revenues, adjusted EBITDA, net income, basic earnings per share and free cash flow were all up in H1 2022 compared to H1 2021 as follows:

- revenues of $304.9 million in H1 2022 compared to $193.5 million in H1 2021;
- adjusted EBITDA of $124.0 million in H1 2022 compared to $54.3 million in H1 2021;
- net income of $77.3 million in H1 2022 compared to $11.5 million in H1 2021;
- basic earnings of C$0.52/share in H1 2022 compared to C$0.08/share in H1 2021; and
- free cash flow of $95.7 million in H1 2022 compared to $40.1 million in H1 2021.

The increase in the Company's H1 2022 financial performance compared to H1 2021 was primarily due to higher realized prices at Conda, which were partially offset by higher input costs, and the restart of the sulfuric acid plant at Arraias.

The Company's total capex spend in H1 2022 was $21.3 million compared to $21.0 million in H1 2021 with the increase primarily due to activities related to the initiative to produce and sell HFSA at Conda and maintenance activities at Arraias related to the restart of the sulfuric acid plant, which were partially offset by a shorter turnaround at Conda in 2022 compared to 2021.

June 30, 2022 Highlights

As at June 30, 2022, the Company had trailing 12 months adjusted EBITDA of $213.1 million compared to $143.4 million at the end of 2021 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA in H1 2022.

Also as at June 30, 2022, the Company had net debt of $146.2 million compared to $217.7 million at the end of 2021 with the decrease primarily due to principal payments under the Company's secured term loan (the "Term Loan") and Conda's secured working capital facility (the "Conda ABL") higher cash and cash equivalents. The Company's net debt as at June 30, 2022 was comprised of $61.5 million in cash and $207.7 million in debt (gross of deferred financing costs). For the six months ended June 30, 2022, the Company repaid $47.6 million of debt, including $42.3 million of principal under the Term Loan and $5.0 million cash drawn under the Conda ABL. As at June 30, 2022, the Company's net leverage ratio was 0.7x compared to 1.5x at the end of 2021.

As at June 30, 2022, the Company had liquidity of $68.7 million comprised of $61.5 million in cash and $7.2 million in Conda ABL undrawn borrowing capacity.

Q2 2022 Operational Highlights

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic, which resulted in no material impact to operations;
- sustained EHS excellence, including no reportable environmental releases and no recordable incidents, which resulted in a consolidated TRIFR of 0.26, representing a new Company record; and
- received a notice of violation ("NOV") at Conda from the from the Idaho Department of Environmental Quality ("DEQ") related to a failed air stack emissions test in May 2021. Conda investigated and corrected the issues during 2021. The NOV was formally received from the DEQ in May 2022 and resolved in July 2022.

Conda

- completed a scheduled plant turnaround at Conda and returned to full production capacity;
- produced 80,297 tonnes P_2O_5 at Conda in Q2 2022 compared to 67,835 tonnes P_2O_5 in Q2 2021 with the increase primarily due to a shorter turnaround in 2022 compared to 2021;
- generated revenues of $148,940 at Conda in Q2 2022 compared to $103,316 in Q2 2021 with the increase primarily due to higher realized prices;
- generated adjusted EBITDA at Conda of $66,716 in Q2 2022 compared to $37,747 in Q2 2021 with the increase primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs;
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine;
- purchased mining equipment at Conda in exchange for a note payable of $3,930;
- advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including beginning production and sales of HFSA.

H1 2022 Operational Highlights

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic, which resulted in no material impact to operations;
- sustained EHS excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated TRIFR of 0.26, representing a new Company record;
- received national recognition during the 87th North American Wildlife and Natural Resources Conference as the BLM awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda; and
- received a NOV at Conda from the DEQ related to a failed air stack emissions test in May 2021. Conda investigated and corrected the issues during 2021. The NOV was formally received from the DEQ in May 2022 and resolved in July 2022.

Conda

- completed a scheduled plant turnaround at Conda and returned to full production capacity;
- produced 169,393 tonnes P_2O_5 at Conda in H1 2022 compared to 157,191 tonnes P_2O_5 in H1 2021 with the increase primarily due to a shorter turnaround in 2022 compared to 2021;
- generated revenues of $296,470 at Conda in H1 2022 compared to $193,458 in H1 2021 primarily due to higher realized prices;
- generated adjusted EBITDA at Conda of $131,104 in H1 2022 compared to $61,869 in H1 2021 primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs;
- reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which resulted in receipt of net insurance proceeds of $8,675;
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine;
- posted incremental letters of credit of $3,663 under the Conda ABL as collateral for Conda's surety bonds that guarantee Conda's obligations under existing operating and environmental permits;
- purchased mining equipment at Conda in exchange for a note payable of $3,930;
- advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including beginning production and sales of HFSA.

Q2 Other Highlights

- produced 20,549 tonnes of sulfuric acid at Arraias in Q2 2022 compared to no production in Q2 2021;
- generated adjusted EBITDA at Arraias of $405 in Q2 2022 compared to $(938) in Q2 2021 with the increase due to the restart of the sulfuric acid plant;
- continued evaluation of strategic alternatives for non-North American assets; and
- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company’s Board of Directors. Mr. Toback replaced Rory O’Neill as a nominee to the Company’s Board of Directors by its principal shareholder, CLF.

H1 2022 Other Highlights

- produced 30,200 tonnes of sulfuric acid at Arraias in H1 2022 compared to no production in H1 2021;
- generated adjusted EBITDA at Arraias of $(248) in H1 2022 compared to $(1,772) in H1 2021 with the reduced deficit due to the restart of the sulfuric acid plant;
- continued evaluation of strategic alternatives for non-North American assets; and
- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company's Board of Directors. Mr. Toback replaced Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CLF.

Subsequent Events

Subsequent to June 30, 2022, the Company:

- announced the appointment of Matthew O’Neill as CFO. Mr. O’Neill succeeds George Burdette who served as CFO since April 2018; and
- granted 82,230 restricted share unites (“RSUs”) to management under its RSU plan.

Market Outlook

The Company expects the current strength in the global agriculture and phosphate fertilizer fundamentals to continue. Accordingly, the Company expects continued strength in pricing and volume fundamentals in the phosphate fertilizer markets with a moderate softening of prices during H2 2022 relative to H1 2022.

Specific factors the Company expects to support the continued strength in the global phosphate fertilizer markets during H2 2022 are as follows:

- no significant supply capacity additions; and
- reduced exports from China.

Specific factors the Company expects to influence the moderate softening of the global phosphate fertilizer markets during H2 2022 relative to H1 2022 are as follows:

- higher inventory levels;
- softening crop prices;
- moderated demand; and
- increased supply from maximizing existing capacity run-rates.

The Company expects sulfur and sulfuric acid prices to decrease globally due to increased refinery activity and softer demand from phosphates and metals consumers.

Financial Outlook

The Company's revised guidance for 2022 is as follows:

(in millions of US Dollars except as otherwise noted)		*Actual* **H1 2022**		*Projected* **H2 2022**		*Projected* **FY 2022**
Adjusted EBITDA	$	124	$	86-106	$	210-230
Net income		77		23-28		100-105
Basic earnings (C$/share)		0.52		0.16-0.19		0.69-0.72
Maintenance capex		13		5-9		18-22
Growth capex		8		10-14		18-21
Free cash flow		96		54-69		150-165

The Company revised its guidance for 2022 as follows:

- adjusted EBITDA guidance of $210-230 million (maintained) to reflect the Company's view of H2 2021 prices and input costs at Conda, including the current DAP NOLA prices (100% of Conda's MAP is sold under a long-term offtake agreement with pricing indexed to DAP NOLA on an average three-month trailing basis) and continued production and sales of sulfuric acid at Arraias;
- net income guidance of $100-105 million (increased from previous guidance of $80-95 million) to reflect tax efficiencies resulting from the Company's redomiciliation from the Cayman Islands to the US;
- basic earnings guidance of C$0.69-0.72/share (increased from previous guidance of C$/0.55-0.65/share) to reflect the revised net income guidance;
- maintenance capex guidance of $18-22 million (tightened from previous guidance of $15-23 million);
- growth capex guidance of $18-21 million (tightened from previous guidance of $15-22 million); and
- free cash flow guidance of $150-165 million (maintained).

In preparing its revised guidance for 2022, the Company maintained is prior assumption for expected average DAP NOLA during H2 2022 of $690-750/st.

Business Outlook

The Company continues to focus on the following key objectives to drive long-term value and shareholder returns:

- improving financial and operational performance;
- deleveraging the balance sheet;
- extending Conda's current mine life through permitting and development of H1/NDR;
- evaluating strategic alternatives for non-North American assets; and
- maintaining capital-lite investment approach.

About Itafos

The Company is a phosphate and specialty fertilizer company. The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business located in Idaho, US with production capacity as follows:
  - approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP"); and
  - approximately 27kt per year of hydrofluorosilicic acid ("HFSA");
- Arraias – a vertically integrated phosphate fertilizer business located in Tocantins, Brazil with production capacity as follows:
  - approximately 500kt per year of single superphosphate ("SSP") and SSP with micronutrients ("SSP+"); and
  - approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity);

- Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil; and
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, TX. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the ticker symbol "IFOS". The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm.

For more information, or to join the Company's mailing list to receive notification of future news releases, please visit the Company's website at www.itafos.com.

Non-IFRS Financial Measures

The Company considers both IFRS and certain non-IFRS measures to assess performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. The Company believes the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others in order to evaluate the Company's operational and financial performance. These non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS.

Non-IFRS measures included in this news release are defined as follows:

- "EBITDA" as earnings before interest, taxes, depreciation, depletion and amortization;
- "Adjusted EBITDA" as EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities;
- "Trailing 12 months adjusted EBITDA" as Adjusted EBITDA for the current and preceding three quarters;
- "Total capex" as additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest;
- "Maintenance capex" as portion of total capex relating to the maintenance of ongoing operations;
- "Growth capex" as portion of total capex relating to development of growth opportunities;
- "Cash growth capex" as growth capex less accrued growth capex;
- "Free cash flow" as cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex;
- "Net debt" as debt less cash and cash equivalents plus deferred financing costs (does not consider lease liabilities);
- "Net leverage ratio" as net debt divided by trailing 12 months adjusted EBITDA; and
- "Liquidity" as cash and cash equivalents plus undrawn committed borrowing capacity.

Reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in the Company's management's discussion and analysis available under the Company's profile at www.sedar.com and on the Company's website at www.itafos.com.

Other Defined Terms

Other defined terms included in this news release are as follows:

- Bureau of Land Management ("BLM");
- Coronavirus disease 2019 ("COVID-19");
- Diammonium phosphate ("DAP") New Orleans ("NOLA");
- Environmental, Health and Safety ("EHS");
- Environmental Impact Statement ("EIS");
- Husky 1/North Dry Ridge ("H1/NDR");
- National Environmental Policy Act ("NEPA"); and
- Total recordable incident frequency rate ("TRIFR").

Forward-Looking Information

Certain information contained in this news release constitutes forward-looking information. 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" and "potential" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct and such forward-looking information included in this news release should not be unduly relied upon.

Forward-looking information is subject to a number of risks and other factors that could cause actual results and events to vary materially from that anticipated by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to, uncertainties of estimates of capital and operating costs and production estimates; the ability of the Company to meet its financial obligations and minimum commitments, fund capital expenditures and comply with covenants contained in the agreements that govern indebtedness; fluctuations in foreign exchange or interest rates and stock market volatility; the continued supply of sulfuric acid to Conda from its primary supplier and those risk factors set out in the Company's annual information form and other disclosure documents available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. The forward-looking information included in this news release is expressly qualified by this cautionary statement and is made as of the date of this news release. The Company undertakes no obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

This news release contains future oriented financial information and financial outlook information (together, "FOFI") about the Company's prospective results of operations, including statements regarding expected adjusted EBITDA, net income, basic earnings per share, maintenance capex, growth capex and free cash flow. FOFI is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The Company has included the FOFI to provide an outlook of management's expectations regarding anticipated activities and results, and such information may not be appropriate for other purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgements; however, actual results of operations and the resulting financial results may vary from the amounts set forth herein. Any financial outlook information speaks only as of the date on which it is made and the Company undertakes no obligation to publicly update or revise any financial outlook information except as required by applicable securities laws.

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