TSX-V: IFOS

News Release

ITAFOS REPORTS STRONG Q2 AND H1 2021 RESULTS, RAISING FULL YEAR 2021 GUIDANCE AND ANNOUNCES CLOSING OF DEBT REFINANCING AND RELATED AMENDMENTS

Q2 2021 Key Highlights

- revenues of $103.3 million
- adjusted EBITDA of $33.7 million
- net income of $9.6 million
- free cash flow of $25.4 million

H1 2021 Key Highlights

- revenues of $193.5 million
- adjusted EBITDA of $54.3 million
- net income of $11.5 million
- free cash flow of $40.1 million

Revised FY 2021 Guidance

- increased adjusted EBITDA guidance to $110-120 million
- tightened maintenance capex guidance to $22-25 million
- tightened growth capex guidance to $12-15 million
- increased free cash flow guidance to $55-65 million

Refinancing Highlights

- closed three-year, $205 million secured term loan
- repaid existing secured term credit facility
- amended existing secured working capital facility at Conda to increase the commitment amount from $20 million to $40 million and extend term
- amended existing unsecured and subordinated promissory note to cancel the remaining availability and extend term

CEO Commentary

"We continued to deliver strong operational and financial performance during Q2 2021, resulting in H1 2021 adjusted EBITDA at Conda of $61.9 million and $54.3 million on a consolidated basis," said G. David Delaney, CEO of Itafos.

"Our H1 2021 consolidated results exceeded our previously issued H1 2021 guidance range of $45-50 million, reflecting the continued strength of the agriculture and fertilizer market fundamentals along with our solid operational performance. We expect these positive trends to continue and are raising our full year guidance for 2021 accordingly."

"We are also pleased to announce that we have closed a refinancing of our existing secured term loan debt and amendments to our primary remaining debt facilities. This refinancing extends the maturity of our debt at a lower interest rate while providing flexibility to deleverage our balance sheet with the cash flows of the business."

HOUSTON, TX – August 25, 2021 – Itafos Inc. (TSX-V: IFOS) (the "Company") reported today its Q2 and H1 2021 financial and operational highlights. The Company's financial statements and management's discussion and analysis for the three and six months ended June 30, 2021 are available under the Company's profile at www.sedar.com and on the Company's website at www.itafos.com. All figures are unaudited in thousands of US Dollars except as otherwise noted.

The Company also announced today that it has closed a three-year $205 million secured term loan (the "Term Loan"). The proceeds of the Term Loan were used to repay the Company's existing secured term credit facility (the "Credit Facility") and to pay related transaction costs and fees. In connection with the closing of the Term Loan, the Company also completed an amendment to its existing secured working capital facility at Conda (the "Conda ABL") to increase the commitment amount from $20 million to $40 million and extend the term, among other modifications as detailed below. Also in connection with the closing of the Term Loan, the Company completed an amendment to its existing unsecured and subordinated promissory note (the "Promissory Note") to cancel the remaining availability and extend the term, among other modifications as detailed below.

Q2 and H1 2021 Market Highlights

DAP NOLA prices averaged $570/st in Q2 2021 compared to $270/st in Q2 2020, up 111% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics. Similarly, DAP NOLA prices averaged $537/st in H1 2021 compared to $271/st in H1 2020, up 98% year-over-year. Specific factors driving the year-over-year improvements were as follows:

- no significant phosphate fertilizer supply capacity additions, which resulted in continued drawdown of global phosphate fertilizer inventory levels;
- strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade, supporting demand and fertilizer relative affordability; and
- CVD orders confirmed by the US ITC on phosphate fertilizer imports to the US from Morocco and Russia.

Q2 2021 Financial Highlights

The Company's revenues, adjusted EBITDA, net income and free cash flow were all up in Q2 2021 compared to Q2 2020 as follows:

- revenues of $103.3 million in Q2 2021 compared to $62.1 million in Q2 2020;
- adjusted EBITDA of $33.7 million in Q2 2021 compared to $11.3 million in Q2 2020;
- net income of $9.6 million in Q2 2021 compared to $(20.8) million in Q2 2020; and
- free cash flow of $25.4 million in Q2 2021 compared to $0.4 million in Q2 2020.

The Company's total capex spend in Q2 2021 was $18.2 million compared to $3.0 million in Q2 2020 with the increase reflecting the completion of a full scope turnaround at Conda during June 2021 compared to a reduced scope turnaround in 2020.

H1 2021 Financial Highlights

The Company's revenues, adjusted EBITDA, net income and free cash flow were all up in H1 2021 compared to H1 2020 as follows:

- revenues of $193.5 million in H1 2021 compared to $137.5 million in H1 2020;
- adjusted EBITDA of $54.3 million in H1 2021 compared to $10.5 million in H1 2020;
- net income of $11.5 million in H1 2021 compared to $(39.1) million in H1 2020; and
- free cash flow of $40.1 million in H1 2021 compared to $(7.5) million in H1 2020.

The Company's total capex spend in H1 2021 was $21.0 million compared to $6.4 million in H1 2020 with the increase reflecting the completion of a full scope turnaround at Conda during June 2021 compared to a reduced scope turnaround in 2020.

June 30, 2021 Net Debt and Liquidity Highlights

As at June 30, 2021, the Company had net debt of $213.8 million compared to $233.9 million at the end of 2020 with the decrease primarily a result of higher cash and cash equivalents, which was partially offset by in-kind interest related to the Credit Facility and Promissory Note. The Company's net debt as at June 30, 2021 was comprised of $34.9 million in cash and $248.6 million in debt.

As at June 30, 2021, the Company had liquidity of $42.3 million comprised of $34.9 million in cash, $5.4 million in Promissory Note undrawn borrowing base and $2.0 million in Conda ABL undrawn borrowing base.

Q2 2021 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 resulting in no material impact on operations; and

- sustained environmental, health and safety (“EHS”) excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated TRIFR of 0.84.

Conda

- completed a full scope plant turnaround at Conda during June 2021, including certain activities that had been deferred following the Company’s decision to conduct a reduced scope plant turnaround in 2020 as part of Company’s COVID-19 risk mitigation measures;
- produced 107,517 tonnes in Q2 2021 compared to 134,391 tonnes in Q2 2020, down 20% year-over-year primarily due to a full scope turnaround at Conda during June 2021;
- generated revenues of $103,316 in Q2 2021 compared to $61,948 in Q2 2020 with the increase primarily due to higher realized prices and higher sales volumes;
- generated adjusted EBITDA at Conda of $37,705 in Q2 2021 compared to $14,458 in Q2 2020 with the increase primarily due to higher realized prices and higher sales volumes, which were partially offset by higher input costs;
- recorded net income at Conda of $24,370 in Q2 2021 compared to $3,428 in Q2 2020 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA and lower depreciation and depletion, which were partially offset by higher finance and income tax expenses;
- completed a full scope plant turnaround, including certain activities that had been deferred following the Company’s decision to conduct a reduced scope plant turnaround in 2020 as part of Company’s COVID-19 risk mitigation measures;
- 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;
- advanced activities related to the optimization of Conda’s EBITDA generation, including:
    - continuation of the ramp up of MAP+ production and sales volumes,
    - advancement of initiative to produce and sell HFSA, including advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
    - advancement of test work related to the MgO reduction initiative to enhance SPA production and sales volumes.

Other Segments

- maintained the idling of Arraias following best practices;
- maintained Farim at construction ready state while optimizing costs; and
- continued corporate-wide cost savings initiatives.

H1 2021 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 resulting in no material impact on operations; and
- sustained EHS excellence, including no reportable environmental releases and two recordable incidents, which resulted in a consolidated TRIFR of 0.84.

Conda

- completed a full scope plant turnaround at Conda during June 2021, including certain activities that had been deferred following the Company’s decision to conduct a reduced scope plant turnaround in 2020 as part of Company’s COVID-19 risk mitigation measures;
- produced 252,708 tonnes in H1 2021 compared to 273,287 tonnes in H1 2020, down 7.5% year-over-year primarily due to a full scope plant turnaround during June 2021;
- generated revenues of $193,458 in H1 2021 compared to $132,880 in H1 2020 with the increase primarily due to higher realized prices, which were partially offset by lower sales volumes;
- generated adjusted EBITDA at Conda of $61,869 in H1 2021 compared to $22,753 in H1 2020 with the increase primarily due to higher realized prices, which were partially offset by lower sales volumes and higher input costs;
- recorded net income at Conda of $39,134 in H1 2021 compared to $4,383 in H1 2020 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA and lower depreciation and depletion, which were partially offset by higher finance and income tax expenses;
- completed a full scope plant turnaround, including certain activities that had been deferred following the Company’s decision to conduct a reduced scope plant turnaround in 2020 as part of Company’s COVID-19 risk mitigation measures;
- 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;
- advanced activities related to the optimization of Conda's EBITDA generation, including:
  - continuation of the ramp up of MAP+ production and sales volumes,
  - advancement of initiative to produce and sell HFSA, including completion of a concept study, advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
  - advancement of test work related to the MgO reduction initiative to enhance SPA production and sales volumes.

Other Segments

- maintained the idling of Arraias following best practices;
- maintained Farim at construction ready state while optimizing costs; and
- continued corporate-wide cost savings initiatives.

Subsequent Events

Redomiciliation

On July 1, 2021, the Company completed a redomiciliation from the Cayman Islands to the US. The redomiciliation was implemented as a continuation of the Company's jurisdiction of incorporation from the Cayman Islands to the State of Delaware. In connection with the redomiciliation, the Company changed its name from Itafos to Itafos Inc.

Refinancing

On August 25, 2021, the Company closed the Term Loan. The proceeds of the Term Loan were used to repay the Credit Facility and to pay related transaction costs and fees. In connection with the closing of the Term Loan, the Company also completed an amendment to the Conda ABL to increase the commitment amount from $20 million to $40 million and extend the term, among other modifications as detailed below. Also in connection with the closing of the Term Loan, the Company completed an amendment to the Promissory Note to cancel the remaining availability and extend the term, among other modifications as detailed below.

<u>Term Loan</u>

The key terms of the Term Loan are as follows:

- principal amount of $205 million;
- term of three years;
- interest rate of 8.25% per annum plus the London Interbank Offered Rate ("LIBOR"), subject to a floor of 1.00%, with interest payments payable in cash on a quarterly basis;
- amortization of 15% per annum with principal payments payable on a quarterly basis and a one-time principal payment on or before 15 months after the closing date in an amount sufficient to reduce the outstanding principal balance to $155 million or less; and
- other terms, financial covenants, fees and cost reimbursements standard and customary for similar agreements.

Lenders to the Term Loan include a syndicate of lenders comprised of certain funds and accounts managed by Oaktree Capital Management, L.P. The guarantors to the Term Loan include various subsidiaries of the Company (the "Guarantors"). The Term Loan is secured by all assets of the Company and the Guarantors.

<u>Amendment to Conda ABL</u>

The key terms of the amendment to the Conda ABL are as follows:

- commitment size increased from $20 million to $ 40 million;
- term extended from August 7, 2023 to the earlier of August 25, 2024 and 91 days before the maturity of the Term Loan (if the Term Loan is outstanding on such date);
- collateral expanded from accounts receivable, inventory and cash pledged by Conda to include a second lien on all other assets of the Company and the Guarantors; and
- other modifications to conform terms and conditions with the Term Loan.

The Company's wholly owned subsidiary, Itafos Conda LLC, originally entered into the Conda ABL with JPMorgan Chase on August 7, 2020. Other key terms of the Conda ABL, including the interest rate, were not amended.

Amendment to Promissory Note

The key terms of the amendment to the Promissory Note are as follows:

- commitment amount reduced from $36.0 million to $30.6 million, which cancelled the previously remaining availability of $5.4 million;
- term extended from payable on demand no earlier than six months after the date on which the Credit Facility is paid in full to payable on demand after the later of (i) August 25, 2024 or (ii) six months after the date on which the Term Loan and the Conda ABL are paid in full and commitments under the Conda ABL are terminated; however, if the obligations under the Term Loan and the Conda ABL are accelerated, then the Promissory Note would become payable on demand;
- interest rate per annum increased from 15% to 18% starting on August 25, 2022 if the Company has not repaid at least $20 million under the Promissory Note by such date;
- amendment fee of 4% of the principal amount payable in kind at closing;
- exit fee of 4% payable in cash upon any payment of principal; and
- other terms and cost reimbursements standard and customary for similar agreements.

The Company originally entered into the Promissory Note with CL Fertilizers Holding LLC (“CLF”) on September 11, 2019, which was subsequently amended and restated on December 31, 2019.

CLF is a “related party” to the Company under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) by virtue of its shareholding being in excess of 10% of the Company’s issued and outstanding share capital. Accordingly, the entering into of the amendment to the Promissory Note constitutes a “related party transaction” under MI 61-101. The transaction is exempt from (i) the formal valuation requirements under Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101; and (ii) the minority approval requirements under Section 5.6 of MI 61-101 pursuant to Subsections 5.7(1)(a) and 5.7(1)(f).

Market Outlook

The Company expects the current global agriculture and phosphate fertilizer fundamentals to remain strong throughout the remainder of 2021. Accordingly, the Company has increased its previously provided adjusted EBITDA and free cash flow guidance for H2 and FY 2021 (see **Financial Guidance** below).

Specific factors the Company expects to influence the phosphate fertilizer markets are as follows:

- no significant phosphate fertilizer supply capacity additions in 2021 due to voluntary postponement of project schedules in recent years and delays related to the COVID-19 pandemic, resulting in continued drawdown of global phosphate fertilizer inventory levels;
- continued strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds reaching multi-year low stocks-to-use ratios and the highest prices in nearly a decade, the effects of which are expected to continue beyond the current growing season; and
- continued strong pricing and volume fundamentals in the North American phosphate fertilizer markets reflecting the solid demand fundamentals, depleted inventory levels and higher crop prices.

Financial Guidance

The Company has revised its guidance for 2021 as follows:

(in millions of US Dollars)	*Actual* **H1 2021**	*Projected* **H2 2021**	*Projected* **FY 2021**
Adjusted EBITDA	$ 54	$ 55-65	$ 110-120
Maintenance capex	17	5-8	22-25
Growth capex	4	8-11	12-15
Free cash flow	40	15-25	55-65

The Company’s revised guidance for FY 2021 is explained as follows:

- increased adjusted EBITDA guidance to $110-120 million (previously $95-105 million) to reflect the Company’s view of expected higher H2 2021 prices 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 higher prices for SPA;
- tightened maintenance capex guidance to $22-25 million (previously $20-25 million);
- tightened growth capex guidance to $12-15 million (previously $12-17 million); and
- increased free cash flow guidance to $55-65 million (previously $40-50 million) to reflect the increase in adjusted EBITDA guidance and improved efficiencies in corporate structure following completion of the Company's redomiciliation from the Cayman Islands to the US, which are expected to be partially offset by higher expected H2 2021 working capital requirements.

Business Outlook

The Company continues to execute on its strategy, which is focused on the following:

- extending Conda's current mine life through permitting and development of H1/NDR;
- optimizing Conda's EBITDA generation;
- maintaining the idling of Arraias following best practices while evaluating strategic alternatives;
- maintaining Farim at construction ready state while evaluating strategic alternatives;
- maintaining the integrity of the concessions of Santana and Araxá while evaluating strategic alternatives;
- advancing the wind down of Paris Hills and Mantaro; and
- continuing corporate-wide cost savings initiatives.

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 with production capacity of approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP") located in Idaho, US;
- Arraias – a vertically integrated phosphate fertilizer business with production capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid located in Tocantins, Brazil;
- 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;
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil;
- Paris Hills – a phosphate mine project located in Idaho, US (wind down in process); and
- Mantaro – a phosphate mine project located in Junin, Peru (wind down in process).

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 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;
- “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, capitalized interest and technical studies;
- “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; 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:

- Coronavirus disease 2019 (“COVID-19”);
- Countervailing duty (“CVD”);
- Diammonium phosphate (“DAP”) New Orleans (“NOLA”); and
- Environmental, Health and Safety (“EHS”)
- Environmental Impact Statement (“EIS”);
- Husky 1/North Dry Ridge (“H1/NDR”);
- Hydrofluorosilicic acid (“HFSA”);
- International Trade Commission (“ITC”);
- Magnesium oxide (“MgO”);
- National Environmental Policy Act (“NEPA”);
- 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 and statements regarding the closing of the Term Loan, the repayment of the Credit Facility; the amendment to the Conda ABL and the amendment to the Promissory Note. 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, the duration and spread of the COVID-19 pandemic and its severity; 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; the Company’s ability to advance capital raising objectives; fluctuations in foreign exchange or interest rates and stock market volatility; the continued supply of sulfuric acid supply at Conda from its primary supplier and those risk factors set out in the Company’s management discussion and analysis and other disclosure documents available under the Company’s profile 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, 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.

For further information, please contact:

Itafos Investor Relations
investor@itafos.com
www.itafos.com