First Phosphate Corp.

SERV Adds a Significant New Export Credit Agency (ECA) Financing Component

Sep 17, 2026

Nat Resources

PHOS

NSD

Rating

Outperform

Unchanged

Current Price

$15.37

Target Price

$25.50

Market Capitalization

$290.7M

Shares Outstanding

18.9M

Float

14.86m

Institutional Holdings

0.01%

12-Month Low/High

$10.25/$21.30

Average 90-Day Volume

52,470

Fiscal Year End

02/28/27

Revenues ($ MIL)

Period	2025 A	2026 A	2027 E
Q1	$0.0 A	$0.0 A	$0.0 A
Q2	$0.0 A	$0.0 A	$0.0 E
Q3	$0.0 A	$0.0 A	$0.0 E
Q4	$0.0 A	$0.0 A	$0.0 E
	$0.0 A	$0.0 A	$0.0 E

EPS ($)

Period	2025 A	2026 A	2027 E
Q1	$(0.06) A	$(0.02) A	$(0.04) A
Q2	$(0.00) A	$(0.02) A	$(0.03) E
Q3	$(0.02) A	$(0.04) A	$(0.03) E
Q4	$(0.02) A	$(0.08) A	$(0.03) E
	$(0.10) A	$(0.21) A	$(0.13) E

Swiss support adds another financing layer. First Phosphate has received a Letter of Support from Swiss Export Risk Insurance (SERV) for approximately US$212.5 million in potential financing tied to Swiss machinery, equipment, goods, and services for the Bégin-Lamarche mine and processing facility. The contemplated financing is based on an assumed US$250 million eligible Swiss export contract, with SERV prepared to consider financing 85% of the contract value.

European and G7 support is converging around the project. The SERV announcement follows EIFO's earlier letter of intent for up to €170 million in guaranteed financing support, while the Canadian government's G7 Critical Minerals Resilience and Production Alliance announcement also highlighted Danish support for the Bégin-Lamarche mine and Italian financial and industrial support for First Phosphate's downstream phosphoric acid facility. Switzerland is not a G7 member, but SERV's participation adds another significant European state-backed export finance institution to a project already receiving support through G7-related initiatives.

Potential capex coverage is becoming significant. First Phosphate's 2024 Preliminary Economic Assessment (PEA) estimated initial capital of C$675 million, or approximately US$490 million at the exchange rate used by the company, including a 20% project contingency. Using the approximately US$195 million equivalent of EIFO's €170 million guarantee indication together with SERV's US$212.5 million, potential ECA-supported financing reaches roughly US$407.5 million, or about 83% of the PEA capital requirement. On that basis, only about US$82.5 million would remain to be funded by other sources.

Rating is Outperform. If the EIFO and SERV indications become definitive, the remaining equity requirement for Bégin-Lamarche could be modest relative to the size of the project. In addition to de-risking the project, perhaps the most important implication for shareholders is the potential for a sharply reduced need for future equity issuance and greater per-share exposure to the economics of Bégin-Lamarche.

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Company Profile

First Phosphate is a mineral exploration and development and clean technology company dedicated to building and reshoring a vertically integrated mine-to-market supply chain to produce lithium-ion-phosphate (LFP) batteries in North America. Target markets include energy storage, data centers, robotics, mobility, and national security. First Phosphate's flagship Begin-Lamarche property, located in Saguenay-Lac-Saint-Jean, Quebec, Canada, represents a rare North American igneous phosphate resource producing high-purity phosphate characterized by very low levels of impurity. The company's American Depositary Receipts (ADR) are listed in the United States on the Nasdaq Exchange under the symbol PHOS, while its common shares trade in the United States on the OTCQX under the symbol FRSPF. The company's common shares are listed on the Canadian Securities Exchange (CSE) under the symbol PHOS, and trade on the Frankfurt Stock Exchange (FSE) under the symbol KD0.

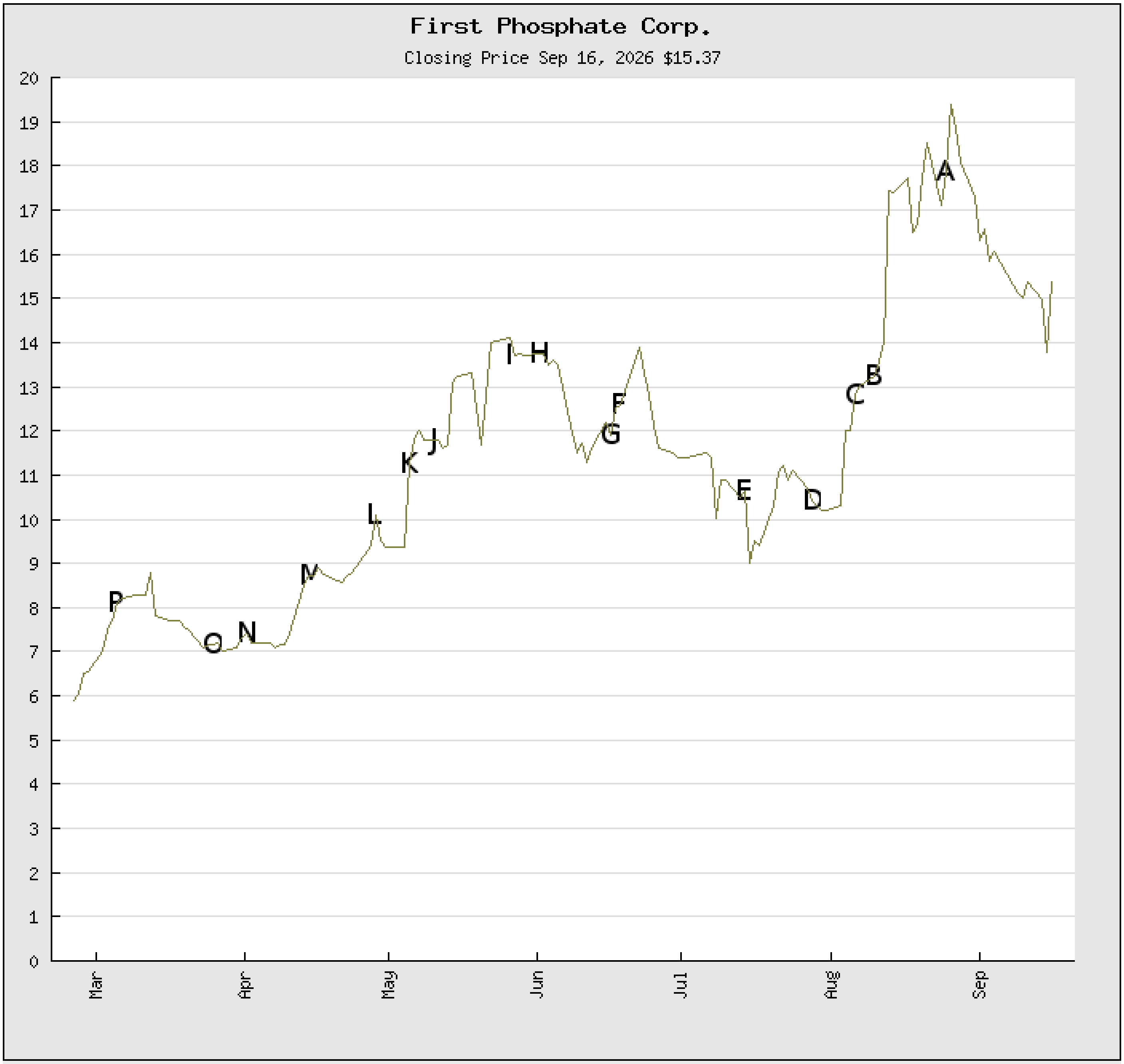
Fundamental Analysis — 3.5/5.0

Our fundamental assessment rating, separate from our investment rating and valuation, is based on five core attributes. We assign First Phosphate 3.5 checks out of 5.0, which falls within our "Above Average" range of 3.5 to 4.0 checks. In our view, the company benefits from a technically strong and policy-aligned leadership team, high-purity igneous phosphate assets with clear metallurgical advantages, and a supportive jurisdiction anchored by low-carbon power, established industrial infrastructure, and growing federal and provincial backing for battery supply chain development. The Begin-Lamarche Project provides a defined development path with strong resource continuity and a clear technical framework in the PEA, while Lac a l'Orignal offers additional feedstock optionality and long-term growth potential. The balance sheet is essentially debt-free, with sufficient liquidity to fully fund the feasibility-level work.

Our rating reflects that First Phosphate is still in the pre-revenue, PEA-stage of development and will require significant capital to construct both the mine and downstream PPA and iron-phosphate precursor facilities. However, we believe the combination of high-purity feedstock, strong infrastructure positioning at Port Saguenay, demonstrated pilot-scale conversion capability, and increasing alignment with Canadian and U.S. critical-minerals policy supports a constructive medium-term outlook.

Valuation Summary

Our investment rating is Outperform with a price target of US$25.50 per ADR. First Phosphate's American Depositary Receipts (ADRs) uplisted to the Nasdaq Global Market under the ticker PHOS, effective August 10, 2026. We now publish under First Phosphate's Nasdaq listing for its American Depositary Receipts. The ADR ratio is 10 common shares per ADR. We value each common share at US$2.55 or C$3.50. Our valuation is based on a multi-stage discounted cash flow model that applies a 9.25% discount rate and assumes no terminal growth, consistent with the 23-year mine and processing modeled in our forecasts. Our valuation incorporates full initial capital spending, sustaining capital requirements, expected operating cash flows across the ramp-up and steady-state production periods, and closure costs at the end of life. In our view, the project has been significantly de-risked, the company has a strong treasury, and we think the company's weighted average cost of capital could benefit from low-cost government funding sources. The recently filed NI 43-101 technical report significantly enhances confidence in the project's ability to become a producing mine. As the project progresses through feasibility, and the financing path becomes more visible, we anticipate further reviewing our discount rate.



A - 08/25/2026 Outperform Target $25.50 Current $17.85	B - 08/10/2026 Outperform Target $2.00 Current $13.25
C - 08/06/2026 Outperform Target $2.00 Current $12.79	D - 07/28/2026 Outperform Target $2.00 Current $10.42
E - 07/14/2026 Outperform Target $2.00 Current $10.63	F - 06/18/2026 Outperform Target $2.00 Current $12.60
G - 06/16/2026 Outperform Target $2.00 Current $11.90	H - 06/01/2026 Outperform Target $1.65 Current $13.75
I - 05/27/2026 Outperform Target $1.65 Current $13.70	J - 05/11/2026 Outperform Target $1.65 Current $11.80
K - 05/05/2026 Outperform Target $1.65 Current $11.25	L - 04/28/2026 Outperform Target $1.65 Current $10.10
M - 04/14/2026 Outperform Target $1.65 Current $8.70	N - 04/01/2026 Outperform Target $1.65 Current $7.40
O - 03/25/2026 Outperform Target $1.65 Current $7.15	P - 03/05/2026 Outperform Target $1.65 Current $8.10

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Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Outperform: potential return is >15% above the current price	93%	16%
Market Perform: potential return is -15% to 15% of the current price	7%	1%
Underperform: potential return is >15% below the current price	0%	0%

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