EMERGING Growth Research

First Phosphate (PHOS): Blue Wave Recharges Clean Tech

Why the Clean Energy Revival Could Accelerate North American Phosphate Demand

Summary

We believe the November 3rd midterm result marks a policy turning point for U.S. clean energy, with the phosphate segment of the lithium iron phosphate (LFP) battery supply chain emerging as an underappreciated beneficiary. Democrats won both chambers, flipping eight Senate seats for a 55-44 majority and securing their largest House majority in nearly two decades. In the first post-election session, clean energy, solar, wind and battery equities rallied sharply even as AI and broader tech sold off.

We see First Phosphate (PHOS) as a direct beneficiary of this policy shift and a compelling way to gain exposure to the clean energy tailwind, particularly through the growing demand for lithium iron phosphate (LFP) batteries and efforts to localize North American supply chains. Solar and wind generation are inherently intermittent, driving demand for grid scale storage, where LFP has emerged as the dominant battery chemistry. According to the IEA, China accounts for over 98% of global LFP cathode material and cell production, highlighting the strategic need for alternative supply sources.[1]

Phosphate accounts for the largest share of LFP cathode mass, making battery-grade phosphate an increasingly important input as storage deployment accelerates. In our view, stronger congressional support for clean energy, combined with bipartisan efforts to reduce dependence on China, should create a favorable demand environment for North American phosphate producers. **With its high-purity Québec phosphate resources and vertically integrated mine-to-market strategy, we believe PHOS is particularly well positioned to capitalize on these structural tailwinds.**

First Phosphate is well positioned to benefit from accelerating LFP adoption and North American battery supply chain localization which is likely to accelerate with Cleantech revival post U.S. midterm results. Its high-purity igneous phosphate at Begin-Lamarche, Quebec, together with an integrated mine-to-market strategy and planned battery-grade phosphoric acid production, gives PHOS direct exposure to the most critical link in the LFP value chain. G7 recognition, sovereign financing initiatives, and long-term offtake agreements further strengthen its development prospects. In our view, rising U.S. grid-scale storage demand, coupled with bipartisan efforts to reduce dependence on Chinese battery materials, should enhance the strategic value of PHOS' domestic supply capabilities. While project financing and execution remain key risks, we believe PHOS offers differentiated exposure to the long-term growth of North America's LFP battery industry.

Key points

- **Political reset**. A Democratic Congress could limit further clean-energy rollbacks and strengthen support for grid and storage investment. For PHOS, that potentially expands demand for North American battery grade phosphate.
- **Market confirmation**. Clean energy equities rallied following the election, with solar stocks gaining 1-15%, Korean battery manufacturers 4-12%, and utilities and storage names 4-13%. Intraday gains reached up to 28%, accompanied by trading volumes reaching 2-4x the prior session.
- **Storage is critical**. Every incremental solar and wind megawatt raises storage demand, with LFP batteries accounting for roughly 90% of global stationary storage deployments.
- **Phosphate is the key input**. The phosphate group is about 60% of LFP cathode mass compared with just 4.4% for lithium, representing roughly 14 times more material by weight.

[1] "Beyond NMC batteries: Supply chain issues for emerging battery technologies." *Global Critical Minerals Outlook 2025*, 16 Nov. 2026, www.iea.org/reports/global-critical-minerals-outlook-2025/beyond-nmc-batteries-supply-chain-issues-for-emerging-battery-technologies.

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- **A looming refined-phosphate bottleneck**. The IEA identifies battery grade purified phosphoric acid (PPA) as a critical supply chain constraint, with China accounting for 70% of global production in 2025 and projected to increase to 75% of production capacity by 2035.[2]
- **Why PHOS benefits.** PHOS is developing high purity phosphate resources at Bégin-Lamarche and an integrated processing pathway at Port Saguenay, positioning it to serve non-Chinese LFP supply chains.
- **Our view**. We see First Phosphate (Nasdaq/CSE: PHOS) as a compelling way to gain exposure to the clean energy tailwind. Rising LFP demand, coupled with efforts to reduce reliance on Chinese supply chains, position PHOS to benefit from growing North American demand for battery-grade phosphate.

Market Reaction: Clean Energy Outperformed a Weaker Broader Market

The market reaction suggests investors viewed the election outcome as a positive for the clean energy space. Renewable energy stocks rallied as the election results eased concerns over policy uncertainty and improved the outlook for U.S. clean energy investment. Solar stocks significantly outperformed conventional energy producers, reflecting expectations of a more supportive regulatory environment. In contrast, AI-related and data center stocks declined during the same session.

Segment	Company (Ticker)	Post-Election Move	Closing change (%)
Utilities & Storage	Eos Energy (EOSE)	+22.6% intraday; volume 3.7x	12.63%
	NextEra Energy (NEE)	+5.3% intraday; volume 2.4x	4.89%
	Clearway Energy (CWEN)	+3.9% intraday	3.72%
	HA Sustainable Infrastructure (HASI)	+7.2% intraday; volume 3.0x	5.18%
Battery Manufacturers	Samsung SDI (006400 KS)	+12.0% intraday; volume 1.8x	11.57%
	LG Energy Solution (373220 KS)	+5.8% intraday; volume 2.2x	5.03%
	LG Chem (051910 KS)	+5.1% intraday; volume 1.2x	4.00%
	SK Innovation (096770 KS)	+4.0% intraday	3.86%
Solar	Array Technologies (ARRY)	+28.4% intraday; volume 2.7x	14.87%
	First Solar (FSLR)	+15.6% intraday; volume 2.5x	4.63%
	Nextpower (NXT)	+19.8% intraday; volume 2.5x	11.12%
	Canadian Solar (CSIQ)	+15.7% intraday; volume 2.3x	6.73%
	Sunrun (RUN)	+14.4% intraday; volume 2.4x	1.27%
	Enphase Energy (ENPH)	+12.8% intraday; volume 1.9x	3.71%
Wind	Ørsted (ORSTED DC)	+8.1% intraday; volume 2.8x	4.60%
	Vestas Wind Systems (VWS DC)	+5.6% intraday; volume 2.1x	2.89%

Source: Yahoo Finance

We believe the market reaction highlights three important trends. First, the rally appears driven primarily by improving policy expectations rather than changes in near-term earnings fundamentals, as illustrated by First Solar's strong performance despite having reduced its 2026 revenue guidance just a week earlier. Second, gains among South Korean battery manufacturers suggest investors anticipate stronger U.S. energy storage demand and continued efforts to diversify battery supply chains away from China. Third, the outperformance of storage focused Eos Energy (+12.6%) and battery manufacturer Samsung SDI (+11.6%) relative suggests investors see greater incremental growth opportunities further upstream in the energy storage value chain. In our view, this outcome strengthens the investment case for domestic suppliers of critical LFP battery materials, including battery grade phosphate.

[2] "Phosphoric acid: Battery-grade purified phosphoric acid is a major chokepoint for battery supply chains, with little diversification on the horizon." *Global Critical Minerals Outlook 2026*, 16 Nov. 2026, cdn-ceo-ca.s3.amazonaws.com/1l66seq-GlobalCriticalMineralsOutlook2026%20-%20Phosphate.pdf.

Political Shift Strengthens the Outlook for Clean Energy

Democratic control of both chambers of Congress could mark a significant shift in the U.S. clean energy policy outlook, although the scope for legislative changes remains constrained by presidential veto authority. Beginning January 3rd, 2027, Democrats will control the legislative agenda, congressional committees, appropriations, and oversight. While the 2025 One Big Beautiful Bill Act accelerated the phase out of wind and solar tax credits, it preserved key incentives for energy storage and domestic battery manufacturing, including Section 45X credits. Democratic control should reduce the risk of further cuts, while bipartisan permitting reform could accelerate grid, transmission, and storage investment.

Energy storage stands to be a key beneficiary**.** According to EIA, solar, wind, and battery storage account for approximately 93% of planned U.S. utility-scale capacity additions in 2026.[3] Faster permitting, rising electricity demand from AI and data centers, and potential support for residential solar could further accelerate storage deployment, particularly LFP batteries. State-level initiatives provide an additional growth driver independent of federal policy.

Furthermore, democratic support for strengthening supply chains outside of China could create opportunities for domestic companies especially those operating in the LFP storage space. With China dominating LFP cathode and battery grade phosphate production, we believe domestic phosphate suppliers such as PHOS are strategically positioned to benefit from efforts to establish a more secure and vertically integrated North American battery supply chain.

Why Clean Energy Growth Drives Phosphate Demand

Rising renewable energy deployment is expected to drive demand for battery storage and, in turn, battery grade phosphate, a critical input in LFP batteries. According to the IEA, global battery storage installations reached a record 108 GW in 2025, up 40% year-over-year, with installed capacity expanding elevenfold since 2021.[4] The IEA expects global renewable capacity to increase by approximately 4,770 GW between 2026 and 2031, with solar accounting for over three-quarters of additions.[5] As solar and wind penetration increases, battery storage will become increasingly important for grid reliability, energy shifting, and managing peak electricity demand.

The U.S. market offers an attractive growth opportunity. According to the EIA, U.S. utility-scale battery storage capacity reached 43.6 GW at the end of 2025, with another 8.3 GW added in H1 2026.[6] Developers are targeting approximately 24 GW of new battery storage installations during 2026, compared with 15 GW in 2025, representing potential growth of 60%. Texas, California, and Arizona account for approximately 80% of planned additions, reflecting strong solar deployment and growing requirements for grid flexibility.

As renewable penetration increases, we expect demand for grid scale storage to accelerate, with LFP batteries emerging as the preferred chemistry due to their superior thermal stability, longer cycle life, and lower costs. LFP accounted for approximately 90% of global stationary storage deployments in 2025.

Phosphate is a key input in LFP batteries, accounting for approximately 60% of cathode mass. Based on published industry estimates, each 1 GWh of LFP battery capacity requires approximately 1,300-1,400 tonnes of phosphoric acid in cathode material.[7] As grid scale storage deployment accelerates, we expect it to translate into higher demand for battery grade phosphate, benefiting North American producers including PHOS.

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[3] "New U.S. electric generating capacity expected to reach a record high in 2026." *Today in Energy – In-Brief Analysis*, 16 Nov. 2026, www.eia.gov/todayinenergy/detail.php?id=67205.
[4] "Technology: Battery storage." *Global Energy Review 2026*, 16. Nov. 2026, www.iea.org/reports/global-energy-review-2026/technology-battery-storage.
[5] "Global Renewable Electric Capacity Additions Dip in 2026, Expected to Surge Over 2027-2031." *iir energy – Trending Insights*, 16 Nov. 2026, www.industrialinfo.com/iirenergy/industry-news/article/global-renewable-electric-capacity-additions-dip-in-2026-expected-to-surge-over-2027-2031--364783.
[6] "Battery storage capacity averaged 70% growth over the last three years." *Today in Energy – In-Brief Analysis*, 16 Nov. 2026, www.eia.gov/todayinenergy/detail.php?id=67925.
[7] Yep, Eric and Staff. "China strengthens LFP investments in 2023 but structural surplus looms." *S&P Global*, 16 Nov. 2026, www.spglobal.com/energy/en/news-research/latest-news/metals/050923-china-strengthens-lfp-investments-in-2023-but-structural-surplus-looms.

China Concentration Drives Onshoring Opportunity

China's dominance across the LFP battery supply chain presents a significant supply chain risk and strengthens the case for North American production. According to the IEA, China accounts for over 98% of global LFP cathode material and battery cell production. China also controls approximately 70% of purified phosphoric acid (PPA) production, with Benchmark Mineral Intelligence projecting its share of global PPA capacity to remain elevated at 75% in 2035.[8] China has proposed export restrictions on LFP battery and cathode technologies, although implementation has reportedly been suspended under U.S.-China trade arrangements.

LFP Value Chain Segment	China's Share
LFP cathode active material	>98%
LFP battery cells	>98%
Purified phosphoric acid production	~70%
Purified phosphoric acid capacity (2030E)	75%

Source: IEA, Benchmark Mineral Intelligence

The IEA's latest outlook highlights limited geographic diversification in PPA refining, with China expected to retain its dominant position through 2035. With China dominating refining capacity, there lies a strong case for reducing the dependency on China, which should create a favorable environment for North American LFP suppliers.

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[8] "Beyond NMC batteries: Supply chain issues for emerging battery technologies." *Global Critical Minerals Outlook 2025*, 16 Nov. 2026, https://www.iea.org/reports/global-critical-minerals-outlook-2025/beyond-nmc-batteries-supply-chain-issues-for-emerging-battery-technologies.

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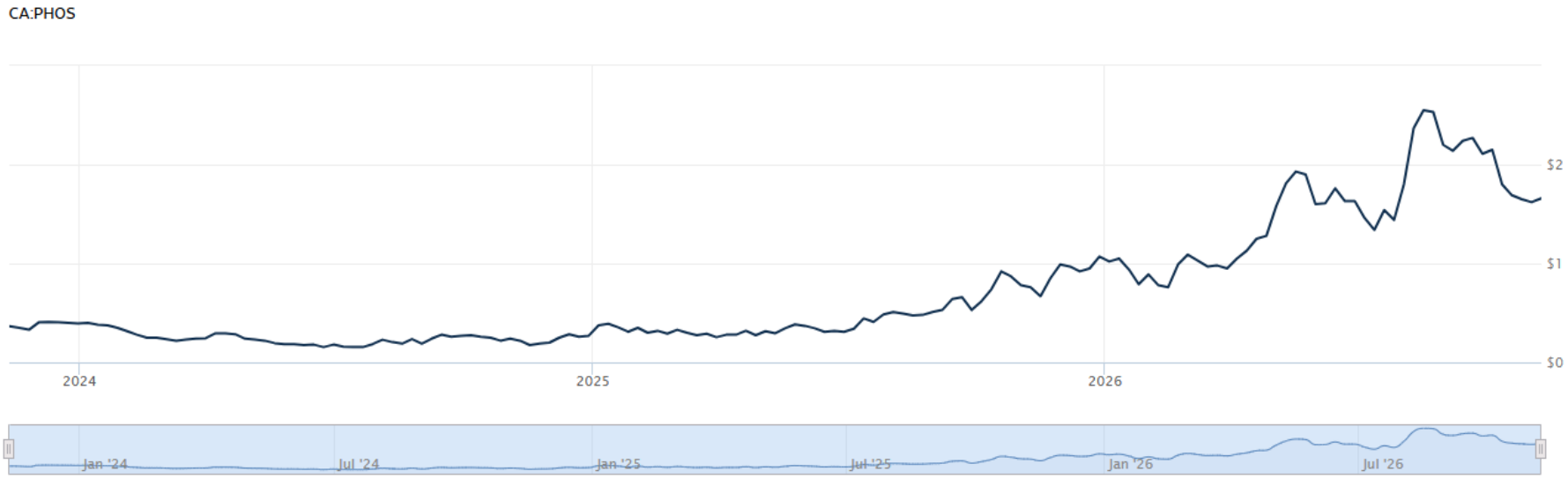
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Buy, 30% or greater price appreciation in the next 12 months.
Buy-Extended, near-term EPS and/or revenue horizon is challenging with strong long-term appreciation possibility.
Buy-Emerging, initial stages with low revenue and the potential for large returns with higher risk and volatility.
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Sell, 30% or more decline in the next 12 months.

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3-Year Chart


CA:PHOS
$2
$1
$0
2024
2025
2026
Jan '24
Jul '24
Jan '25
Jul '25
Jan '26
Jul '26