PyroGenesis Announces Fourth Quarter and Full Year 2025 Results

March30, 2026

MONTREAL, March 30, 2026 (GLOBE NEWSWIRE) -- PyroGenesis Inc. (“PyroGenesis” or “the Company”) (TSX:PYR) (OTCQX:PYRGF) (FRA:8PY1), a leader in ultra-high temperature processes & engineering innovation, and a plasma-based technology provider to heavy industry & defense, today announces its financial and operating results for the fourth quarter and full year ended December 31, 2025.

“In 2025, despite exceptionally volatile geopolitical, tariff, supply chain, and energy supply dynamics that caused uncertainty across various heavy industry sectors and regions, we continued to press forward to achieve notable progress on several fronts,” said P. Peter Pascali, President and CEO of PyroGenesis Inc. “While our financial performance in 2025 did not meet our expectations, as we move into 2026 we are focused on converting our technological progress into improved financial performance, while maintaining the flexibility needed to continue navigating a challenging macroeconomic landscape.”

“Our multi-legged stool approach continues to bear fruit as it helps build sales resilience and guard against continued flux in the operational environment. This type of diversification allows us to continue to invest in the strategic initiatives that position us for long-term growth. At a technology level, this is starting to show important dividends.”

Mr. Pascali continued, “Over the past year, we announced major improvements to our plasma torches with respect to both power and process efficiency. First, data from an in-field system confirmed significantly lower operational energy requirements, with savings of up to 45% when compared to legacy diesel burners; and then, tests for casting ladle heating demonstrated energy reduction of 80% when compared to pre-existing natural gas burners. More recently, results from a major live furnace trial with our clients Rio Tinto and Alcoa demonstrated savings across the board when using our plasma torches: 35% energy reduction, 20-27% cycle time reduction, 24 to 55% reduction in dross generation, all while maintaining metal quality while also lowering the hydrogen content of metal by between 40-50%.”

“These are the type of real-world results that attract interest from existing and new sectors. In fact, we made our first steps into several new industries during 2025, including radioactive waste, lithium battery recycling, and plastic waste management, while growing previous years’ initial interest into firm contracts, such as with the two contracts of $1.2- and $1.3 million respectively for clients in the cement industry. Most notably, we signed major contracts with Norsk Hydro ASA and Constellium, two global leaders in the aluminum sector, who are both embarking on live furnace tests using PyroGenesis’ plasma torches.”

“Finally, 2025 saw important advances in two other key areas: first, the adoption of our titanium metal powders is starting to take hold. We announced a number of orders across both fine and coarse cuts of titanium powder, while also creating a new market with a contract to sell our “off-cut” powder that is produced during the plasma atomization process. Another success has to do with our fumed silica reactor project, which in less than five years has progressed from a government grant to investigate a theory, to an operational pilot plant that in 2025 produced material that meets or surpasses several levels of commercially available fumed silica product grades. These developments have not only attracted industry interest but have also helped create our Materials Production business unit, a vertical that I believe holds significant promise for the future.”

“We have not achieved all of our financial targets for 2025,” concludes Mr. Pascali. “Having said that, I firmly believe that as we continue to innovate and as more results are revealed from client projects in the field, our revenue will catch up to our technical progress. 2025 gave us the confidence to proclaim that it is now just a matter of time. We are a small company doing exciting, groundbreaking work with extremely credible partners, and we continue to make inroads with some of the largest companies across global heavy industry. I want to thank our investors for supporting us on this incredible journey. I am excited by what’s ahead for all of us.”

KEY Q4 2025 FINANCIAL HIGHLIGHTS

- **Revenue of $3.3 million**, down 21% vs. Q4 2024
- **Gross margin of 17%**, vs 41% in Q4 2024
- **Net income loss of $5,222,327** compared to $145,320 profit in Q4 2024
- **Revenue (Order) Backlog of $47.8 million** of signed and/or awarded contracts as at March 31st, 2026, of which 84% is in U.S. dollars
- **Modified EBITDA loss of $3.8 million** compared to $1.8 million in Q4 2024

KEY FULL YEAR 2025 FINANCIAL HIGHLIGHTS

- **Revenue of $12.57 million**, down 19.6% vs. $15.65 million for FY 2024
- **Gross margin of 30.2%,** vs 34% in FY 2024
- **Net loss of $14.8 million** vs $6.7 million in FY 2024
- **Modified EBITDA loss of $9.8 million** compared to a loss of $1.9 million in 2024
- **No bank debt** as at December 31, 2025

SUBSEQUENT EVENTS

- **Post quarter end, in January 2026** [news release dated January 6, 2026], the Company announced it had signed an

agreement with the national security and defense division of a U.S. multinational engineering infrastructure corporation, to jointly pursue contracts for the safe destruction of chemical weapons in Syria. Under this agreement, and if these pursuits are successful, PyroGenesis would provide its PACWADS technology (which uses high temperature electric plasma to eliminate a variety of dangerous biological warfare agents and chemicals, including sarin, mustard gas, soman, VX, and others), associated auxiliary systems, and various engineering, training, operational, and after-sale services, to various locations where required in conjunction with its defense partner, the Syrian government, and organizations related to the prohibition and remediation of chemical weapons. The exact number and scale of the PACWAD units required is to be determined during the upcoming tendering process.

2025 PRODUCTION AND SALES HIGHLIGHTS

Energy Transition

- **In December** [news release dated December 3, 2025], the Company announced the signing of a $1.3 million contract with a European cement industry customer, for the supply of a plasma torch system for the electrification of a calcination furnace, used as part of the cement production process. A calcination furnace can be used for the high temperature processing of limestone, quicklime, and trona, to produce lime, clinker, and soda ash, all of which are key components of cement. The client is a global leader in mining and minerals within the cement industry. For this project, the client is testing the use of a CO2 powered plasma torch for 9 months as part of an existing multi-year initiative that aims to demonstrate that electric heating can substitute fossil fuel combustion in the cement industry.

- **In December** [news release dated December 11, 2025], the Company announced signing of a contract with a company engaged in large-scale battery recycling, for the testing of high-temperature plasma during the material recovery and new battery production process. The client is among the world's largest recyclers of batteries. The contract is for a testing program to examine how plasma can be used in the recovery of cathode and anode materials from end-of-life lithium batteries.

Materials Production

- **In December** [news release dated December 8, 2025], the Company announced the signing of a half-tonne contract with a Global Aerospace Leader for the supply of titanium metal powder produced by PyroGenesis' NexGen™ plasma atomization process. This contract was achieved as part of a competitive bid process and represented the first order received since official supplier status was granted to PyroGenesis by the client after a multi-year certification process. The contract is for the supply of "coarse" cut Ti64 powder (particle size: 45-150µm [microns]). The powder is to be used as part of the customer's aerospace research and development program.

- **In December** [news release dated December 10, 2025], the Company announced the signing of an initial order of "fine cut" titanium powder produced by PyroGenesis' NexGen™ plasma atomization process. The customer is a contract manufacturer specializing in titanium-based additive manufacturing for the consumer product and healthcare industries. The contract is for the supply of "fine" cut Ti64 powder (particle size: 20-53µm [microns]), for use in the client's laser powder bed fusion ("LPBF") printing systems.

- **In December** [news release dated December 15, 2025], the Company the delivery of 3.5 tonnes of titanium powder under a new powder supply agreement with a U.S. minerals and metal technology company. The contract is for "off-cut" titanium (Ti64) powder, which are powders produced during PyroGenesis' plasma atomization process, but which are not currently being used by the existing range of commercial metal 3D-printers used in industrial additive manufacturing. PyroGenesis will supply the client on a recurring as-needed basis. The client uses their patented technologies to produce high performance alloys from titanium and other critical minerals that are essential for advanced U.S. industries, including space, aerospace, defense, consumer electronics, hydrogen, electric vehicles and additive manufacturing. The client produces alloys from a variety of sources, from original minerals through to certain metal powders.

Waste Processing

- **In December** [news release dated December 17, 2025], the Company announced the signing of an initial design phase contract with a European organization specializing in radioactive waste processing and nuclear decommissioning, toward the potential use of plasma in the destruction of low-level radioactive waste (LLW), which includes items that are contaminated by contact with radioactive products, systems, or processes, but that are not radioactive themselves, such as tools, gloves, paper, and rags, as well as some parts and components used within nuclear facilities. The contract will help define the technical specifications, sizing, and design parameters, for a potential subsequent engineering and build phase,

for a plasma-equipped furnace and the related peripheral components required as part of the potential construction of a radioactive waste vitrification and treatment plant in Europe.

- **Post quarter-end, in January** [news release dated January 6, 2025], the Company announced it had signed an agreement with the national security and defense division of a U.S. multinational engineering infrastructure corporation, to jointly pursue contracts for the safe destruction of chemical weapons in Syria. Under this agreement, and if these pursuits are successful, PyroGenesis would provide its PACWADS technology (which uses high temperature electric plasma to eliminate a variety of dangerous biological warfare agents and chemicals, including sarin, mustard gas, soman, VX, and others), associated auxiliary systems, and various engineering, training, operational, and after-sale services, to various locations where required in conjunction with its defense partner, the Syrian government, and organizations related to the prohibition and remediation of chemical weapons. The exact number and scale of the PACWAD units required is to be determined during the upcoming tendering process.

Q4 FINANCIAL HIGHLIGHTS

- **In October** [news release dated October 1, 2025], the Company announced a non-brokered private placement in two unit groups. The first unit group comprised the issuance and sale of 6,666,665 units at a price of $0.63 per unit, for aggregate gross proceeds of $4,199,999. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.28 for a period of forty-eight (48) months following the closing date. It was expected that the Company's President and CEO, P. Peter Pascali, would subscribe for the majority, if not all, of this Unit group. The Second Unit Group was expected to comprise the issuance and sale of 4,000,000 units at a price of $0.20 per unit, for approximate gross proceeds of $800,000. Each warrant under this group entitles the holder to purchase one common share at a price of $0.40 for a period of twenty-four (24) months following the closing date. The closings of both Unit Groups are expected to occur in up to three (3) tranches each.

- **In October** [news release dated October 16, 2025], the Company announced the closing of the first trance of the first unit group of the non-brokered private placement. The Company's President and CEO, P. Peter Pascali, directly subscribed for the entire first tranche, representing an investment of approximately $3,500,000, through the acquisition of 5,555,556 Units at a price of $0.63 per Unit.

- **In October** [news release dated October 17, 2025], the Company announced the repricing and extension of up to 1,581,250 common share purchase warrants, from an exercise price of $1.20 per share and a expiration date of November 18, 2025, to an exercise price of $0.63 per share and an expiration date of July 17, 2026.The news terms also included an acceleration clause whereby if at any time before the July 17, 2026 expiry date, the closing price of the Company's common shares on the Toronto Stock Exchange was greater than $0.80 (such amount being 127% of $0.63) over any 3 consecutive trading days, the Company will be entitled, within 15 days of the occurrence of such event, to accelerate the expiry date of the Warrants to the date that is 30 days following the date that notice of such acceleration is provided.

- **In October** [news release dated October 29, 2025], the Company announced the closing of the first trance of the second unit group of the non-brokered private placement, by issuing and selling an aggregate of 4,110,000 units of the Company at a price of $0.20 per Unit, for gross proceeds of approximately $822,000 to the Company. This tranche was slightly oversubscribed. As of the time of this announcement, both Unit Groups remained open, notwithstanding the second unit group being slightly oversubscribed, with both Unit Groups expected to close in the subsequent week.

- **In November** [news release dated November 7, 2025], the Company announced the closing of the second trances of both unit groups of the non-brokered private placement.

FINANCIAL SUMMARY

1. **Revenues**

PyroGenesis recorded revenue of $3.3 million in the fourth quarter of 2025 ("Q4, 2025"), representing a decrease of $0.9 million when compared to $4.2 million recorded in the fourth quarter of 2024 ("Q4, 2024"). Revenue for fiscal 2025 was $12.6 million, a decrease of $3.1 million from the $15.7 million reported in fiscal 2024.

The following table is a summary of the Company's revenues by product line recorded in fiscal 2025 and 2024:

	Three months ended December 31		Variation	Twelve months ended December 31		Variation
	2025	2024	**2025 vs 2024**	**2025**	2024	**2025 vs 2024**

High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	**198,049**	358,792	(160,743)	**589,027**	1,076,653	(487,626)
Aluminium and zinc dross recovery (DROSRITE™)	**195,870**	2,089,586	(1,893,716)	**931,295**	3,583,504	(2,652,209)
Development and support related to systems supplied to the U.S. Navy	**140,301**	489,269	(348,968)	**738,336**	2,115,418	(1,377,082)
Torch-related products and services	**2,095,912**	246,496	1,849,416	**4,605,125**	5,226,262	(621,137)
Refrigerant destruction (SPARC™)	**284,827**	—	284,827	**1,482,657**	956,451	526,206
Biogas upgrading and pollution controls	**315,648**	862,483	(546,835)	**3,535,511**	1,762,432	1,773,079
Other sales and services	**96,875**	177,512	(80,637)	**690,253**	931,601	(241,348)
Revenue	**3,327,482**	4,224,138	(896,656)	**12,572,204**	15,652,321	(3,080,117)

Q4, 2025 revenues decreased by $0.9 million, mainly as a result of:

- PUREVAP™ related sales decreased $0.2 million, reflecting the project stage with continued pilot-scale work and technical optimization,
- DROSRITE™ decreased $1.9 million, as Q4 2025 focused on commissioning and operational ramp-up, rather than the larger fabrication milestones recognized in the prior period,
- Support services related to systems supplied for the US Navy decreased $0.3 million, reflecting lower engineering and final inspection activity ahead of assembly deliveries performed in Q1 2026,
- Torch-related products and services increased by $1.8 million, reflecting progress in late-stage fabrication, shipment, and preparation of systems at client sites for installation and commissioning,
- SPARC™ related sales increased $0.3 million, reflecting delivery, installation, and commissioning activities currently underway, with a team onsite supporting the installation, and,
- Biogas upgrading and pollution controls related sales decreased $0.5 million due to fewer milestone achievements in the quarter compared to Q4 2024.

Fiscal 2025 revenues decreased by $3.1 million, mainly as a result of:

- PUREVAP™ related sales decreased by $0.5 million, reflecting ongoing pilot and pre-commercialization activities, including technical validation and performance trials with HPQ Silicon Inc. and engagement with potential new clients,
- DROSRITE™ related sales decreased by $2.7 million, prior-year revenues included significant project completions, milestone achievements, and higher ancillary services that did not recur in 2025. Ongoing commissioning activity provided only partial offset,
- Support services related to systems supplied for the US Navy declined by $1.4 million, reflecting a shift from extensive fabrication and inspection in 2024 to final inspection and delivery preparation in 2025 for the remaining assemblies,
- Torch-related products and services decreased by $0.6 million, reflecting timing differences in project execution, although progress was made on new contracts with fabrication underway and deliveries scheduled for early 2026, reflecting the final stages of fabrication and project deployment activities, including delivery, installation, and onsite commissioning support,
- Biogas upgrading and pollution controls related sales increased by $1.8 million, reflecting advancement and commissioning of large-scale projects and strong execution throughout the year, and,
- Other sales and services decreased modestly by $0.2 million, reflecting normal fluctuations in non-core service activities.

Overall, 2025 revenue performance highlights the timing-sensitive nature of project milestones and on-site activities across the Company's product lines. While certain areas experienced lower revenue as prior-year projects were completed, growth in torch systems, SPARC™, and biogas projects demonstrates the Company's operational progress and visibility into 2026 deliveries and milestones.

As of March 30, 2026, revenue expected to be recognized in the future related to backlog of signed and/or awarded contracts is $47.8 million,[1] of which 84% is in US dollars. Revenue will be recognized as the Company satisfies its performance obligations under long-term contracts, which are expected to occur over a maximum period of approximately 3 years.

[1]This excludes the contract with Varennes Carbon Recycling following the March 21, 2025, announcement that the company managing the project filed for protection

under the Companies Creditor Arrangement Act.

2. **Cost of Sales and Services and Gross Profit**

During the three-months ended December 31, 2025, Cost of sales and services totaled $2.8 million, compared to $2.5 million in Q4 2024, representing an increase of $0.3 million. The increase was primarily driven by higher direct material costs, which rose to $1.7 million from $0.5 million in the prior-year quarter, reflecting increased material consumption as torch system projects advanced through late-stage fabrication and shipment preparation.

This increase was partially offset by lower costs in several categories. Subcontracting expenses declined to $0.01 million from $0.3 million, reflecting reduced reliance on specialized third-party service providers compared to the prior year period. Employee compensation decreased to $0.9 million from $1.1 million, reflecting lower labor allocation as certain projects progressed toward completion. In addition, manufacturing overhead and other costs declined to $0.2 million from $0.6 million, primarily due to lower overhead associated with reduced production activity on DROSRITE™ and PUREVAP™ related work during the quarter. Minor fluctuations in investment tax credits and amortization of intangible assets had no material impact on total costs.

Gross profit for Q4 2025 was $0.6 million, or 17% of revenue, compared to $1.7 million, or 41% of revenue, in Q4 2024. The lower gross margin was primarily attributable to higher direct material consumption associated with torch system fabrication and differences in project mix, which resulted in higher production costs relative to revenue during the quarter.

During the twelve-months ended December 31, 2025, Cost of sales and services totaled $8.8 million, compared to $10.4 million in 2024, representing a decrease of $1.6 million. The decrease was primarily driven by lower employee compensation and manufacturing overhead, reflecting reduced staffing requirements and lower production activity as certain large projects completed. Employee compensation declined to $3.3 million from $3.9 million, while manufacturing overhead and other costs decreased to $0.9 million from $1.5 million.

Direct material costs declined modestly to $4.0 million from $4.3 million, reflecting differences in project mix and fabrication timing compared to the prior year. Subcontracting expenses remained relatively stable at $0.5 million, reflecting continued use of specialized external resources to support certain torch and SPARC™ related activities. Minor fluctuations were recorded in investment tax credits and amortization of intangible assets, the latter reflecting the completion of amortization on certain assets from the Pyro Green-Gas acquisition that were fully amortized in early 2024. These expenses are non-cash items, and the remaining intangible assets primarily consist of patents and deferred development costs amortized over their expected useful lives.

Overall, the decrease in fiscal 2025 cost of sales reflects lower labor, overhead, and material consumption associated with changes in project activity and timing, partially offset by continued subcontracting required to support specialized project execution.

As a result of the type of contracts being executed, the nature of the project activity, as well as the composition of the cost of sales and services, the mix between labour, materials and subcontracts may be significantly different. In addition, due to the nature of these long-term contracts, the Company has not necessarily passed on to the customer the increased cost of sales which was attributable to inflation, if any. The costs of sales and services are in line with management's expectations and with the nature of the revenue.

3. **Selling, General and Administrative Expenses**

Included within Selling, General and Administrative expenses ("SG&A") are costs associated with corporate administration, business development, project proposals, operations administration, investor relations and employee training.

During the three months ended December 31, 2025, selling, general and administrative ("SG&A") expenses totaled $5.8 million, compared to $1.3 million in Q4 2024, representing an increase of $4.5 million.

The increase was primarily driven by changes in expected credit loss and bad debt, which resulted in a $0.1 million recovery in Q4 2025 compared to a $3.5 million recovery in Q4 2024, representing an unfavorable variance of approximately $3.4 million. The prior-year period benefited from significant recoveries on previously impaired receivables that did not recur in the current quarter. Excluding these movements, SG&A expenses would have been significantly lower and more reflective of underlying operating costs.

Professional fees increased to $1.3 million from $0.7 million, representing an increase of $0.6 million. This increase is primarily attributable to patent-related costs recorded during the quarter following a strategic review of the Company's intellectual property portfolio. Excluding this non-recurring item, professional fees would have been consistent with the comparable period, reflecting stable legal, advisory, and corporate support costs.

Insurance and other expenses increased to $1.0 million from $0.3 million, representing an increase of $0.7 million, driven primarily by higher corporate expenses, including a period adjustment and additional subcontracting activity, partially offset by lower insurance premiums. In addition, foreign exchange movements resulted in a loss of $0.2 million in Q4 2025 compared to a gain of $0.5 million in Q4 2024, representing an unfavorable variance of $0.6 million due to fluctuations in foreign currency denominated transactions. Depreciation of property and equipment increased to $0.3 million from $0.1 million, primarily due to accelerated depreciation of leasehold improvements associated with lease terminations.

These increases were partially offset by lower share-based compensation expenses, which decreased to $0.5 million from $1.2 million, reflecting a lower level of equity-based grants and reduced valuation of stock-based awards compared to the prior-year period. Employee compensation also decreased to $2.3 million from $2.6 million, reflecting workforce optimization initiatives and continued cost containment measures implemented during the year.

Other categories, including office and general expenses, travel, government grants, depreciation of right-of-use assets, and investment tax credits, experienced relatively minor fluctuations and were broadly consistent with the prior-year period.

During the twelve months ended December 31, 2025, SG&A expenses totaled $15.7 million, compared to $11.0 million in 2024, representing an increase of $4.7 million.

The increase was largely attributable to expected credit loss and bad debt movements, which resulted in a $0.7 million recovery in 2025 compared to a

$6.9 million recovery in 2024, representing an unfavorable variance of approximately $6.1 million. The prior-year period included significant recoveries on previously impaired receivables that did not recur in 2025. Excluding these movements, SG&A expenses would have been more aligned with underlying operational performance.

Professional fees totaled $2.5 million in both 2025 and 2024. Excluding the impact of the non-recurring patent-related expense recorded in 2025, professional fees would have declined year-over-year, reflecting lower legal and advisory activity and no comparable one-time charges in the prior year.

Insurance and other expenses increased to $2.0 million from $1.8 million, representing an increase of $0.2 million, primarily due to higher general operating expenses. Foreign exchange movements resulted in a loss of $0.2 million in 2025 compared to a gain of $0.7 million in 2024, representing an unfavorable variance of approximately $0.9 million. Depreciation of property and equipment increased to $0.6 million from $0.4 million, primarily due to accelerated depreciation of leasehold improvements associated with lease terminations.

These increases were partially offset by lower share-based compensation, which decreased significantly to $0.7 million from $2.1 million, reflecting fewer equity-based incentive grants and lower fair value of awards. Employee compensation also declined to $8.7 million from $9.8 million, reflecting workforce optimization initiatives and continued cost control measures. Office and general expenses decreased to $0.9 million from $1.0 million, reflecting ongoing cost discipline.

Overall, excluding the impact of non-recurring credit loss recoveries and patent-related costs, SG&A expenses would have been relatively stable year-over-year, reflecting continued focus on operational efficiency and disciplined cost management.

4. **Research and Development (“R&D”) Costs, net**

During the three-months ended December 31, 2025, net R&D expenses totaled a recovery of $0.1 million, compared to an expense of $0.1 million in Q4 2024, representing a favorable variance of $0.1 million. The improvement was primarily driven by a decrease in materials and equipment costs, which moved from an expense of $0.02 million in the prior-year quarter to a recovery of $0.2 million in Q4 2025, reflecting timing adjustments in project-related purchases and capitalization. Subcontracting expenses increased modestly to $0.04 million associated with targeted engagement of specialized external resources to support ongoing development initiatives. Employee compensation remained largely consistent at $0.1 million, while other R&D expenses, including minor fluctuations in investment tax credits and project overhead, contributed an additional $0.01 million to net R&D. Overall, the quarter reflects tight cost management and efficient allocation of resources across the Company’s development activities.

For the twelve-months ended December 31, 2025, net R&D expenses totaled $0.9 million compared to $0.8 million in 2024, representing an increase of $0.1 million. The year-over-year increase was primarily driven by higher subcontracting costs of $0.05 million, reflecting specialized support for development projects across torch, SPARC™, and biogas initiatives. Other expenses increased by $0.1 million, primarily due to project support activities, partially offset by a reduction in materials and equipment costs of $0.1 million as a result of more efficient use of development resources. Employee compensation increased slightly by $0.02 million, while investment tax credits decreased by $0.01 million. Overall, the increase in fiscal 2025 R&D spending reflects continued investment in innovation and product development, balanced with effective cost controls and resource optimization.

In addition to internally funded R&D projects, the Company also incurred R&D expenditures during the execution of client funded projects. These expenses are eligible for Scientific Research and Experimental Development (“SR&ED”) tax credits. SR&ED tax credits on client funded projects are applied against cost of sales and services (see “Cost of Sales” above).

5. **Financial expenses (income), net**

During the three-months ended December 31, 2025, finance expenses totaled $0.3 million, compared to $0.3 million in the same period of 2024. The relatively stable quarter-over-quarter result reflects offsetting movements across financing instruments. Interest and accretion on the secured loan increased, as this current facility was not in place in the prior year. These increases were largely offset by lower interest and accretion on convertible debentures and the convertible loan, reflecting reduced outstanding balances and the conversion of the convertible loan earlier in 2025. Interest on lease liabilities declined modestly as lease obligations amortized, while the prior-year quarter included accretion and revaluation related to the balance due on a business combination, which did not recur in the current period. Overall, Q4 2025 finance costs remained largely consistent year-over-year, as reductions in convertible instrument costs offset higher charges on the secured loan.

During the twelve-months ended December 31, 2025, net finance income totaled $0.004 million, compared to a net finance expense of $1.1 million in 2024, representing a favorable variance of $1.1 million. The improvement was primarily attributable to a significant non-cash gain related to the revaluation and accretion of the balance due on a business combination, which generated income in 2025 compared to an expense in the prior year. Interest and accretion on convertible debentures and the convertible loan declined by $0.4 million due to lower outstanding balances and the earlier conversion of the convertible loan. These favorable movements were partially offset by interest and accretion associated with the new secured loan, which contributed $0.3 million of expense in 2025 and was not present the prior year, as well as modest increases in penalties and other interest. Accretion income on royalties receivable remained consistent year-over-year. Overall, the shift from a net finance expense in 2024 to a near break-even position in 2025 reflects favorable non-cash revaluation adjustments and reduced costs associated with convertible financing instruments, partially offset by new secured borrowing.

6. **Strategic Investments**

During the three-months ended December 31, 2025, the adjustment to the fair market value of strategic investments resulted in no gain or loss, compared to a loss of $0.005 million in Q4 2024.

For the twelve-months ended December 31, 2025, the adjustment to the fair market value of strategic investments resulted in a loss of $3.1 million, compared to a loss of $0.2 million in 2024, reflecting an unfavorable variance of $2.9 million. The increase in loss during 2025 was primarily driven by changes in the market value of the Company’s holdings in HPQ Silicon Inc.

7. **Other Income**

During the year 2025, Other Income includes a gain resulting from the agreement with HPQ Silicon Inc. whereby $819,197 of royalties receivable and

$4,122,243 of trade accounts receivable of HPQ Silicon (for a total of $4,941,440) were exchanged in a debt-to-equity conversion. As a result, the Company received 17,968,873 common shares and 17,968,873 share purchase warrants of HPQ Silicon. The fair value of the shares and warrants received was $5,953,045, therefore resulting in a gain of $1,011,605.

In May 2024, the Company announced that its wholly owned subsidiary, Pyro Green-Gas settled legal proceedings for damages and unpaid invoices from the defendant, who was also a client of the Company. As a result, Pyro Green-Gas received $1.5 million from the defendant. The proceeds were recognized as a gain of $1,180,335 and the remainder as a reduction of accounts receivable.

8. **Comprehensive income (loss)**

During the three-months ended December 31, 2025, the Company reported a comprehensive loss of $4.9 million compared to a comprehensive income of $0.1 million in Q4 2024, representing an unfavorable variance of $5.0 million. The year-over-year decline primarily reflects lower gross margins, higher cost of sales on torch system projects, and the absence of favorable non-cash recoveries recorded in the prior-year quarter. Additional contributing factors include increased professional fees associated with the patent expenses and legal and advisory costs, as well as unfavorable foreign exchange movements. These impacts were partially offset by reductions in share-based compensation and employee compensation, which provided limited mitigation to the overall loss for the quarter.

For the twelve-months ended December 31, 2025, the Company recorded a comprehensive loss of $14.9 million compared to a loss of $6.8 million in 2024, representing an unfavorable variance of $8.1 million. The increase in loss year-over-year was primarily driven by lower profitability across multiple product lines, including PUREVAP™, DROSRITE™, and support services, combined with a $2.1 million non-cash loss on the fair value adjustment of strategic investments. Other factors contributing to the larger loss include reduced expected credit recoveries and higher professional fees related to patent expenses and corporate initiatives. These unfavorable variances were partially offset by lower employee compensation and share-based compensation, as well as reduced amortization of intangible assets. Overall, the twelve-month results reflect the timing-sensitive nature of revenue recognition, project completion milestones, and market-driven non-cash adjustments, which collectively influenced the Company's comprehensive performance in 2025.

9. **Liquidity and Capital Resources**

As at December 31, 2025, the Company had cash of $1.1 million, included in the net working capital deficiency of $15.4 million. Certain working capital items such as billings in excess of costs and profits on uncompleted contracts do not represent a direct outflow of cash. The Company expects that with its cash, liquidity position, the proceeds available from the strategic investment and access to capital markets it will be able to finance its operations for the foreseeable future.

The Company's term loan balance at December 31, 2025, was $0.2 million, a decrease of $0.1 million since December 31, 2024. This variation was due to the net accretion and monthly payments on the Economic Development Agency of Canada ("EDC") loan. The EDC loan is interest free and will remain so, until the balance is paid over the 60-month period ending March 2029. In 2025, the Company secured gross proceeds of $5,226,083 from a private placement. On May 12, 2025, the Company closed a non-brokered private placement of a secured loan for gross proceeds of $2,385,000 and bears interest at 5% per annum for the first year and 18% per annum thereafter. The average interest expense on the term loan, secured loan and convertible debenture is approximately 10%. The Company does not expect changes to the structure of loans and convertible debentures in the next twelve-month period.

The Company's Canadian subsidiary benefited from a line of credit of $500,000 ($88,046 was drawn on this facility as at December 31, 2024). In January 2025, the entirety of the facility was reimbursed, and the available facility was terminated.

A commercial bank issued standby letters of credit on behalf of the Company to customers in the amounts of $220,000 and $257,000 on advance guarantees secured by Export Development Canada. The letters of credit expire in March 2026 and November 2026, respectively.

OUTLOOK

Consistent with the Company's past practice, and in view of the early stage of market adoption of our core lines of business, the Company is not providing specific revenue or net income (loss) guidance for 2026.

The following is an outline of the many factors that impact the Company's strategy and future success, plus key developments that are may be expected to impact subsequent quarters.

Overall Strategy

The Company develops technology to transform high temperature processes for heavy industry and defense, which can result in improved operational efficiencies, higher product quality, increased output, lower cost, lower emissions, simplified logistics, reduced carbon footprint, and safer working/living environments. Most of the technologies stem from the Company's core expertise in plasma.

The Company has evolved from its early beginnings as a specialty-engineering firm to being a provider of a robust technology eco-system.

The Company believes its strategy to be timely, as multiple heavy industries are committing to major electrification initiatives, carbon reduction measures, and waste reduction programs at the same time as many governments are increasingly supportive – from both a policy and financial perspective – of these types of technologies and infrastructure projects. Additionally, both industry and government are developing strategies to ensure the availability of critical minerals – especially within North America and Europe – during the coming decades of increased output demand.

While there can be no guarantees, the Company believes the evolution of its strategy beyond greenhouse gas emission reduction, to an expanded focus that encapsulates the key verticals listed at the start of the Recent Developments and Outlook section, both (i) improves the Company's chances for success while (ii) also providing a clearer picture of how the Company's wide array of offerings work in tandem to support client goals.

PyroGenesis' heavy industry target market opportunity is significant, as major industries such as aluminum, steelmaking, manufacturing, cement, chemicals, aeronautics, and government seek factory-ready, technology-based solutions to help steer through the challenging landscape of increasing demand, tightening regulations, and material availability – areas where the Company's technologies can be beneficial.

Additionally, over the past few years, interest in the Company's technologies from the defense and military industries has increased considerably, to the point where identifying these industries as unique target markets is justified. Their interest encompasses an array of the Company's offerings, including opportunities across waste destruction (especially chemical warfare agents), high temperature propulsion and protection, and titanium metal powders.

As more of the Company's offerings reach full commercialization, PyroGenesis will remain focused on attracting influential customers in broad markets while at the same time ensuring that operating expenses are controlled to achieve profitable growth.

Cost Controls and Efficiencies

PyroGenesis has been, and continues to, scrutinize both potential and existing projects to ensure that the utilization of labour and financial resources are optimized. The Company continues to only engage in projects that reflect significant benefits to PyroGenesis and the risks of which are defined. The Company intends to intensify its focus on project and budgetary clarity during this period of elevated inflationary pressures, by identifying alternative suppliers while constantly adjusting project resources. The early-stage project assessment process has also been refined to allow for faster "go / no-go" decisions on project viability. Through an ongoing Cost Optimization program, the Company has further identified areas to reduce costs and expenses in 2026.

Continuing the cost optimization program began in fiscal 2024, which resulted in over $3 million in savings. In 2025, the Company identified savings in patent expenses, insurance and optimization of the workforce, for a net benefit of $2 million. These are recurring cost savings which will benefit the Company on a recurring annual basis. All cost optimization is done with a view to not jeopardize revenues or market competitiveness.

Macroeconomic Conditions

With some continued uncertainty in the macroeconomic environment, including ambiguity in the banking sector with regard to interest rate adjustments, the continued inflationary pressures causing shifting demand dynamics across various industries at different times, and the possibility of recessionary conditions, it may be difficult to assess the future impact these events and conditions will have on our customer base, the end markets we serve, and the resulting effect on our business and operations, both in the short term and in the long term.

Despite these uncertainties, we continue to believe there is a strong need for PyroGenesis' solutions in the industries we serve as heavy industry continues to transition and/or electrify their energy sources, decarbonize, manufacture utilizing both lighter metals (such as aluminum) and additive manufacturing, and deal with tighter hazardous waste regulations.

While we expect these uncertainties and other macroeconomic conditions to continue to impact the variability in our quarter-to-quarter revenue, we believe our diversity in both customer base and solution set will continue to be a strong mitigating factor to these challenges. Additionally, the Company's ongoing efforts to reduce costs through various measures including the sourcing of more high quality, cost-competitive suppliers, further bolsters the Company against cost fluctuations.

The various military conflicts in the Middle East and Eastern Europe continue to create some level of global economic uncertainty, as well as supply chain disruptions that can change at any time. However, it's important to note that the Company does not have any operations, customers or supplier relationships in Russia, Belarus or Ukraine, and as such are not directly impacted at a customer level in these countries. The Company does have customer relationships and projects in Poland and will continue to monitor the situation in the region regarding challenges to the completion of current projects, which at this time are not inhibited.

The conflict in Iran, which began in late February 2026, has impacted international business by causing one of the largest oil supply disruptions in history. In general, this has increased freight costs, disrupted global supply chains and aviation, led to higher air travel fares, and put additional inflationary pressures on various goods including energy and agricultural products. While higher operational costs and even economic slowdowns are being seen across some regions, the long-term effects are unknown. So far, the Company cannot point to any specific client project decisions that have been attributed to this situation. As the Company's projects are, on average, 18 months in duration, the immediate impact is mitigated to an extent by the extended project periods. Longer term project impacts are unknown.

Generally, the Company believes that broad-based threats to global supply chains increase awareness and interest in the many solutions the Company offers. This is particularly true within the minerals and metals industries, as manufacturers seek alternatives to offshore suppliers as well as technologies that could optimize output or recycle critical materials from by-products or waste – solutions that the Company currently offers.

Business Line Developments

The potential upcoming milestones which are expected to confirm the validity of our strategies are outlined below (please note that these timelines are estimates based on information provided to us by the clients/potential clients, and while we do our best to be accurate, timelines can and will shift, due to protracted negotiations, client technical and resource challenges, or other unexpected situations beyond our or the clients' control):

Business Line Developments: Near Term (0 – 3 months)

Financial

Payments for Outstanding Major Receivables:
Regarding the outstanding receivable under the Company's existing $25 million+ Drosrite™ contract, and as previously announced, PyroGenesis had agreed to a strategic extension of the payment plan, by the customer and its end-customer, geared to better align the pressures on the end-user's operating cash flows created by increased business opportunities. During the 4 th quarter of 2025, the Company received a payment representing a third of the remaining balance. The next payment(s) to PyroGenesis are expected in the near term.

Energy Transition

Alumina Calcination:
As reported in the Q3 Outlook, the Company is in advanced discussions with one of the largest mining companies in the world, to study the use of plasma torches in the calcination of alumina. The project would simulate the replacement of natural gas burners by plasma torches in a flash calciner furnace for producing smelter-grade alumina. An announcement is expected in the near term.

Super High-Powered Plasma Torch for Aluminum Producer:
As reported in the Q3 Outlook, the Company has been in discussions with one of the largest aluminum companies globally, toward the eventual purchase of a 5MW plasma torch. Initial discussions were centred around engineering support to develop a feasibility study in conjunction with the client, with a possible torch purchase in 2026. Discussions and activity advanced during Q4 2025. A feasibility study was prepared, and a formal proposal was submitted to the client, for the potential purchase of two 2MW plasma torch systems (in place of the previous potential purchase of one 5MW torch), for use in large molten aluminum furnaces. A purchase decision may be expected in the near term.

Cement Production Calcination:
As mentioned in previous Outlooks, the Company was in discussions with a European global leader in mineral production for the cement industry, to replace gas burners in the limestone calcination process. A proposal was submitted for approximately $1 million. A contract for this project was signed during Q4 2025 [news release dated December 3, 2025], for $1.3 million. The Company is currently in discussions with a related party for the sale of an additional 1MW plasma torch system, and an announcement may be expected in the near term.

Aluminum Furnace Tests:
As mentioned in previous Outlooks, the Company was engaged in live furnace tests of plasma as a process heat source in melting and holding furnaces with major aluminum companies, while also being in advanced discussions with other companies yet to be named for similar live furnace tests. Post quarter end [news release dated March 19, 2026], the results from a major study conducted during 2025 for clients Rio Tinto and Alcoa, which tested the use of a plasma torch in an aluminum casting and melting furnace, were released. The results showed significant operational advantages across various performance criteria. Due to the nature of these tests and the increasing number of similar tests, the Company may choose not to announce every future test campaign it engages in.

Ore Pelletization Torch Trials:
CLIENT B:
As mentioned in previous Outlooks, plasma torch tests within an iron ore pelletization furnace of a client previously identified as Client B, a major international iron ore producer, were underway. The client is conducted live furnace tests using four 1 MW PyroGenesis plasma torch systems, with the possibility of replacing fossil fuel burners across multiple pelletization furnace systems. Live trials using PyroGenesis plasma torches are ongoing and will remain as such until the customer determines they have sufficient performance data.

CLIENT C:
Client C, a global market-leading client and a significant player in both the iron ore pelletization and steel industries, has been working with PyroGenesis over the past few years on various potential initiatives related to using plasma for decarbonization. PyroGenesis was previously awarded official supplier status to Client C as part of an impending initiative that was subsequently announced during Q4 2024 [news release dated November 19, 2024], for a contract to assess the applicability of PyroGenesis' fully electric plasma torches for use in part of the customer's electric arc furnace (EAF) steelmaking and casting process. The initial project was completed during Q2 2025 as anticipated. A comprehensive report was assembled and submitted to the client in early Q3 2025. The client is now assessing next steps, with no estimated timeline.

Materials Production:

Fumed Silica Reactor ("FSR") Project :
It has been noted in previous Outlooks (and various news releases) that PyroGenesis has been designing, engineering, and constructing the fumed silica reactor pilot plant (the "FSR") to convert quartz into fumed silica in a single and eco-friendly step, for HPQ Polvere (a wholly owned subsidiary of HPQ Silicon Inc.). The plant is operational and undergoing various tests to replicate the lab-scale test at pilot plant scale. It has also been stated that modifications to the system and continued testing to improve the fumed silica are ongoing, with more announcements expected in the near term, including for potential customers.

There has been no material changes to the news announced post-quarter end. If, and when, such occurs timely disclosures will be made.

Titanium Metal Powder:
During Q2 2025, the Company's titanium metal powder was awarded approved status by a global aerospace leader and was added to their approved supplier list for use in additive manufacturing. As a result of this announcement, the Company has been working with this client on potential metal powder orders. It was stated in the Q3 Outlook that announcements were expected in the near term. During Q4 [news release dated December 8, 2025], the Company announced the signing of a half-tonne contract for the supply of "coarse" cut Ti64 powder (particle size: 45-150µm [microns]), which was achieved as part of a competitive bid process, and represented the first order received since official supplier status was granted to PyroGenesis by the client. Additional orders may be forthcoming in the near term.

It was also stated previously that the Company is in discussion with other potential clients for titanium metal powder orders, and that announcements were expected in the near term:

(i) During Q4, [news release dated December 10, 2025], the Company announced the signing of an initial order of "fine cut" titanium powder to a contract manufacturer specializing in titanium-based additive manufacturing for the consumer product and healthcare industries. The contract is for the supply of "fine" cut Ti64 powder (particle size: 20-53µm [microns]), for use in the client's laser powder bed fusion printing systems.

(ii) Also in Q4 [news release dated December 15, 2025], the Company announced the delivery of 3.5 tonnes of titanium powder under a new powder supply agreement with a U.S. minerals and metal technology company, for "off-cut" titanium (Ti64) powder, which are powders produced during PyroGenesis' plasma atomization process, but which are not currently being used by the existing range of commercial metal 3D-printers used in industrial additive manufacturing. The client produces alloys from a variety of sources, from original minerals through to certain metal powders.

It was noted that PyroGenesis will supply the client on a recurring as-needed basis. Post quarter end [news release dated January 22, 2026] the Company announced an additional contract for one tonne of titanium powder under the recently signed powder supply agreement.

Additional orders from this client may be expected in the near term.

The company is currently in discussions with several other companies, including:

- A European company who previously tested PyroGenesis powder samples, for the potential annual purchase of very fine titanium powder.
- A European company also considering the purchase of very fine cut titanium powder.
- A European company considering the purchase of fine cut titanium powder.

Lithium Battery Material Recovery:
In the Q3 2025 Outlook it was stated that the company was in discussions with a North American battery material recycler, for the potential use of plasma in the recovery of material from end-of-life lithium batteries, and that negotiations had advanced significantly, with an announcement expected in the near term. A contract for this project was signed during Q4 2025 [news release dated December 11, 2025], for testing of PyroGenesis' plasma technology for superheating materials as part of the process to recover certain cathode or anode materials from end-of-life batteries. The primary test campaign was conducted during Q4 2025 and early Q1 2026.

Post quarter end [news release dated February 26, 2026] the Company announced achieving successful results from the primary testing campaign. These tests confirmed the anticipated outcomes from using plasma in their specific application. It was also stated that material samples from the tests were shipped to the client's facility to confirm various performance, yield, and chemistry measurements. It was stated that there may be a subsequent testing phase required which, if needed, would be expected to occur before the end of Q2 2026, and that the client's ultimate goal would be to purchase an initial 1 MW plasma torch system, followed by a subsequent purchase of 5 x 1 MW plasma torch systems or 1 x 5 MW plasma torch systems. The client has indicated a potential need for multiple 5 MW plasma torch systems. New tests commenced during Q1 2026, to optimize output and increase recovery. An announcement regarding next steps may be expected in the near term.

Lithium Production:
The Company is in discussions with a North American mining company operating within the lithium discovery sector, for potential testing of a plasma furnace to help extract lithium from other minerals. A proposal and cost has been submitted, and an announcement may be expected in the near term.

Waste Processing

Drosrite Systems:
In the Q3 2025 Outlook, it was stated that the Company is in advanced discussions with a North American metal casting company for the purchase of a Drosrite aluminum dross processing system to process high density aluminum beverage can scrap, with an approximate value of $800-$1million, and that an announcement may be expected in the near term. Negotiations continued throughout Q4. Post quarter end, client representatives visited PyroGenesis' Montreal facilities for additional discussions. An announcement may be expected in the near term.

The company is in advanced discussions with both a middle eastern company and a European company for the sale of Drosrite systems, with announcements potentially in the near term.

Hazardous Aerosol Treatment:
The Company is in early-stage discussions with a large waste collection firm to help in the treatment of aerosol released during garbage collection and compacting. An initial project may be forthcoming for engineering of a solution toward the potential use of a plasma torch or reactor.

Chemical Weapons Destruction (PACWADS):
In the Q3 2025 Outlook, it was stated that the Company had signed a teaming agreement with a multinational defense contractor for the potential sale of a PyroGenesis PACWAD systems for destroying chemical weapons, and that an announcement with further details may be expected in the near term, though strict confidentiality clauses may prohibit such communications.

Post quarter-end [news release dated January 6, 2026], it was announced that the Company has signed an agreement with the national security and defense division of a U.S. multinational engineering infrastructure corporation, to jointly pursue contracts that are expected to be tendered during 2026, for the safe destruction of chemical weapons in Syria. The Company and the client have been engaged in document preparation and meetings with various parties throughout Q1 2026. Announcements may be expected throughout 2026 if, and as, the contract tenders come to fruition.

Municipal Waste Destruction and Gasification System:
The Company is in negotiations with a company in India for a large waste destruction and biogas upgrading system.

Radioactive Waste Destruction:
In the Q2 2025 Outlook, it was stated that the Company is in negotiations with a major European entity for the use of plasma in the destruction of low-level radioactive waste, and that an announcement was expected in the near term. A design phase contract for this project was signed during Q4 2025 [news release dated December 17, 2025], to help define the technical specifications, sizing, and design parameters, for a potential subsequent engineering and build phase for a plasma-equipped furnace (and the related peripheral components) required as part of the potential construction of a radioactive waste vitrification and treatment plant in Europe. The testing is expected to occur over Q1 and Q2 2026.

Plasma Torch System for Pyrolysis:
In the Q3 Outlook, it was stated that the negotiations had advanced with a European entity for the sale of a plasma torch system and/or plasma reactor system, which the customer would utilize in their production of carbon black and hydrogen for use in batteries and graphite production, and that a project quote had been submitted with a potential project value of approximately $2 million. It was further stated that a potential project scope has been developed across multiple phases, and that an announcement is expected in the near term. As of end of Q4,

negotiations with this client continue, with a potential announcement in the near term.

Plasma-Based Glass Valorization:
It was stated in previous Outlook's that the Company is in final negotiations with an entity in Canada, for a plasma-based furnace for use in the melting and valorization of recycled glass, with an estimated contract value of approximately $2 million, and that this potential client is currently assembling funds from a consortium of international contributors, across government and private entities, with the amount secured determining a potential start and/or the scope of the project. It was announced in the Q3 Outlook that the project scope has risen to between $3-$5 million, and an announcement was expected in the near term. This continues to be the case, as the client finalizes its funding array, with an announcement expected in the near term.

SPARC Refrigerant Waste Destruction System:
It was announced previously that the Company is in negotiations with a Middle Eastern customer regarding PyroGenesis' SPARC system for the safe destruction of hazardous end-of-life refrigerants such as CFCs, HCFCs, and HFCs. The customer has access to a very large existing stockpile of these hazardous materials. Discussions continue as a possible co-venture, whereby PyroGenesis would receive revenue on a profit-sharing basis. PyroGenesis is conducting due diligence on key elements related to the potential business model, and a contract is currently being finalized.

Business Line Developments: Mid Term (3 – 6 months)

Energy Transition

4.5-Megawatt and 20 MW Plasma Torches for Aeronautics and Defense Client:
In the Q4 Outlook, it was stated that the 4.5 MW plasma torch for a client who is a prime contractor for the U.S. government as well as for public and private customers in the aeronautics and defense industries, had advanced considerably, with engineering and fabrication completed, and assembly underway. Estimated delivery and startup of the torch system at the client's facility was targeted as Q1 2026. **Post quarter-end [news release dated January 26, 2026], the Company announced the successful completion and delivery of the completed plasma torch system to the client's facilities. This information will be removed from future outlooks.**

For this same client, a subsequent contract for a 20MW plasma torch was signed in Q4 2024 [news release dated October 21, 2024]. A plasma torch at this power level, based on PyroGenesis' own research, represents possibly one of the most powerful plasma torches ever produced commercially. The project has an approximate duration of 3 years. The project is progressing and is in the engineering and electrical design phase.

Plasma-Based Glass Recycling:
As stated in previously Outlooks, during Q1 2025 the Company signed an R&D / testing contract with a global leader in glass recycling, to investigate plasma as part of the customer's energy transition initiatives. The project is related to the spheronization of recycled glass using plasma, to help establish proof of concept. The contract involves multiple tests to optimize parameters and produce high-quality spherical glass particles for use in glass bed applications. Testing commenced during Q2 as planned, with early results being very promising. The full roster of tests and modifications originally scheduled for completion in Q3 2025 was extended into Q4 2025 and Q1 2026 and are ongoing. The longer-term commercial potential is for building a reactor-based system on-site at the customer's facility.

Plasma Torches for Metal Manufacturing:
During Q4 2024 and Q1 2025, the Company conducted first round tests for one of the world's largest producers of metal products to design and develop a plasma-based solution for use in improving precision in the manufacturing process, using a low wattage plasma torch. Next steps were identified to conduct additional tests using progressively larger torches during Q2 and Q3 2025. Testing per this approach met and even surpassed expectations. In the Q2 2025 Outlook it was stated that a first round project may commence in the near term, with a potential value of $100-200K, with long-term potential at an enterprise-wide level for this customer has a potential approximate value of $10 million. Additional tests at an even higher temperature were identified as beneficial, as well as a CFD study. These are scheduled for Q4 2025.

Plasma Torches for Cement Industry Calcination:
The Company is in discussions with a global leader in providing technology and services for mining, aggregates, recycling, and metal refining industries, primarily for potential sale of hyper-high temperature (10 MW and above) plasma torches for use in calcination furnaces as part of the cement production process.

Materials Production

Carbon Black from Pyrolysis of Fossil Fuel Derivative:
The Company is in discussions with a large European oil company interested in using plasma for high temperature pyrolysis of a fossil fuel derivative to produce syngas and carbon black. PyroGenesis conducted initial tests with this client in December 2024, and new discussions are underway.

Titanium Metal Powder:
The Company continues to be in discussion with companies who have expressed interested in titanium metal powders.

Business Line Developments: Long Term (> 6 months)

Energy Transition

Plasma Torches for Steel Manufacturing Process Steps:
The Company is in initial discussions with a European steel construction conglomerate for the use of plasma torches in various high temperature process steps.

Plasma Torches for Brick:
The Company is in initial discussions with a European company for the use of plasma torches in high temperature brickmaking process steps, including brickmaking refractory furnace. This is a multi-torch application, potentially requiring 15-20 60kw-150kw torches per line.

Plasma Torches for Steelmaking:
The Company is in initial discussions with a major global engineering firm that works extensively in the steel industry, for the use of plasma torches in high temperature steelmaking furnaces, in Japanese steel plants.

Plasma Torches for Alumina Calcination:
In Q1 2025, the Company signed an initial testing contract with a large European aluminum producer with a 100+ year history. The contract is to test plasma torches as part of the calcination step for alumina, the last step of the Bayer process for refining bauxite ore into alumina, which is the raw material for producing aluminum. The project commenced in the latter part of Q2 2025. Tests were successful and the results were very positive. The customer is now evaluating what was acknowledged as very promising data to replace natural gas burners and is reviewing their capital expenditure plans for possible future implementation.

Plasma Torches for Global Chemical Firm:
In the previous Q1 outlook, the Company stated that it is in discussions with an American entity for the potential sale of plasma torches to aid in the production of carbon black and potentially other materials carbon and silica-based, with a potential initial value of $2-3 million and additional longer-term potential. In late Q2 and early Q3, the customer visited PyroGenesis' Montreal facilities for a site tour and for more in-depth discussions. The customer has started construction of their own pilot plant, and negotiations are underway regarding potential integration of plasma torches into that facility.

Materials Production

Green Cement Additive:
PozPyro is a cement additive material produced by PyroGenesis' as a collaboration with its client Progressive Planet. The proprietary plasma process converts widely available, high-grade crystalline silica into amorphous silica that can be used to enhance the strength of concrete as a replacement for fly ash which is in diminishing supply. Previous announcements [news release dated May 2, 2024] showed compressive strength tests for PozPyro of up to 99.5% above standards for similar material such as fly ash, while surpassing even the full-strength value of the Portland Cement control by up to 49.67%. A potential contract for a future pilot plant has an estimated value of $15-20 million. In Q1, the Company developed and delivered an advanced feasibility and technical study towards the construction of a pilot plant.

Silicon, Nano-Silicon, and Silica Production:
The Company is in discussions at quotation stage with several potential customers who have expressed interest in PyroGenesis' advanced methods for producing silicon, nano-silicon, and silica. The potential customers include:

- a major global automaker (whose interest lies in both nano-silicon and silicon oxide [SiOX] for EV batteries) who is considering a lab-scale production system (approximate value of $500,000) with a long-term potential pilot plant with an estimated contract value of $10-15 million.
- a US battery manufacturer considering a lab-scale production system for SiOX anode material; negotiations have advanced and further cost and scope development meetings are underway.
- a raw material supplier to the construction materials industry who is considering a lab-scale production system (approximate value of $150,000) with a long-term potential pilot plant with an estimated contract value of $10-15 million. Negotiations continued throughout Q2 with potentially more discussions on the horizon.
- a raw material producer and manufacturer in South Asia is considering a production system for silicon-based material with an estimated contract value of $10-15 million. Discussions continue, regarding scope of work.
- a producer of silicon carbide.
- a producer of silica fume.

Waste Processing

Plasma Torch for Hazardous Waste Destruction:
The Company is in early-stage discussions with an operator of a large North American hazardous waste facility for the sale of a plasma torch system. The facility destroys a variety of hazardous waste, including PFAS "forever chemicals", currently using an incineration process.

Plasma Torches for Tunnel Boring:
As noted above, the Company is a party to a framework master agreement with EarthGrid, which included the payment to the Company of a non-refundable downpayment for $667,000. Negotiations of a first substantial statement of work were ongoing but depended in large part on the client's ability to secure funding in a timely manner. In December [news release dated December 23, 2025], the Company issued a 90-day notice to EarthGrid that PyroGenesis will end the exclusivity arrangement and cancel the existing master agreement with EarthGrid for tunneling-related projects. Given recent developments, PyroGenesis believes the best route forward is to release both parties from the terms of the Master Agreement and end exclusivity as of the conclusion of the 90-day notification period. At the end of the 90-day period, PyroGenesis will be free to pursue tunneling-related projects with other interested parties.

Plasma Waste-to-Energy System / Resource Recovery System (PRRS):
The Company previously announced the signing of a 2-stage contract for a land-based plasma waste-to-energy system with a European consortium. The first stage consists of a conceptual and preliminary design phase for approximately $2 million, which commenced in Q3 and was scheduled to last no more than one year. The design of the Plasma Waste-to-Energy System is based on the Company's Plasma Resource Recovery System (PRRS), a waste-to-energy technology that eliminates toxic compounds while transforming waste into reusable products such as syngas and chemicals such as methanol. This project is currently on hold as the client lost its first stage financing. The client is looking for alternate funds. Until such time as those funds have been secured and the project restarted, $2 million was removed from the Company's reported backlog during Q4 2024. There was no significant movement in Q4 2025

Plasma Torches for 3rd Party Waste-to-Energy Systems:
The Company has been in discussions over several years with a European entity, to act as a potential supplier of plasma torches for the

entity's waste-to-energy initiative; the entity has at times, listed PyroGenesis as their torch supplier in various publications online. In Q3 2024, this entity announced having entered into an agreement with a German multi-Billion-dollar leading technology company to accelerate green energy transition through waste-to-energy technology. The entity announced that it aims to establish 300 plants producing 1 million tons of hydrogen over the next several years. There was no significant movement in Q4 2025.

**** Please note that projects or potential projects previously announced that do not appear in the above summary updates should not be considered at risk. Noteworthy developments can occur at any time based on project stages, and the information presented above reflects information on hand. Projects not mentioned may have simply not concluded or not presented milestones or client updates worthy of discussion or update.**

FURTHER INFORMATION

Additional information relating to Company and its business, including the 2024 consolidated financial statements, the Annual Information Form and other filings that the Company has made and may make in the future with applicable securities authorities, may be found on or through SEDAR+ at www.sedarplus.ca, or the Company's website at www.pyrogenesis.com.

Additional information, including directors' and officers' remuneration, the Company's indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is also contained in the Company's most recent management information circular for the most recent annual meeting of shareholders of the Company.

About PyroGenesis Inc.

PyroGenesis leverages 35 years of plasma technology leadership to deliver advanced engineering solutions to energy, propulsion, destruction, process heating, emissions, and materials development challenges across heavy industry and defense. Its customers include global leaders in aluminum, aerospace, steel, iron ore, utilities, environmental services, military, and government. From its Montreal headquarters and local manufacturing facilities, PyroGenesis' engineers, scientists, and technicians drive innovation and commercialization of energy transition and ultra-high temperature technology. PyroGenesis' operations are ISO 9001:2015 and AS9100D certified, with ISO certification maintained since 1997. PyroGenesis' shares trade on the TSX (PYR), OTCQX (PYRGF), and Frankfurt (8PY1) stock exchanges.

Cautionary and Forward-Looking Statements

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking statements. Forward-looking statements are not historical facts, nor guarantees or assurances of future performance but instead represent management's current beliefs, expectations, estimates and projections regarding future events and operating performance. Forward-looking statements are necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by PyroGenesis as of the date of this release, are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, but are not limited to, the risk factors identified under "Risk Factors" in PyroGenesis' latest annual information form, and in other periodic filings that it has made and may make in the future with the securities commissions or similar regulatory authorities, all of which are available under PyroGenesis' profile on SEDAR+ at www.sedarplus.ca. These factors are not intended to represent a complete list of the factors that could affect PyroGenesis. However, such risk factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. You should not place undue reliance on forward-looking statements, which speak only as of the date of this release. PyroGenesis undertakes no obligation to publicly update or revise any forward-looking statement, except as required by applicable securities laws. Neither the Toronto Stock Exchange, its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) nor the OTCQX Best Market accepts responsibility for the adequacy or accuracy of this press release.

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