



PyroGenesis Announces Second Quarter 2026 Results: Revenue of \$4.4 Million, Up 47% Year-Over-Year for Best Q2 Since 2022

August 6, 2026

- *First-half 2026 revenue has already surpassed the first nine months of 2025.*
- *Advancement of major projects drives Q2 revenue.*
- *Backlog of \$40.0 million.*

MONTREAL, Aug. 06, 2026 (GLOBE NEWSWIRE) -- PyroGenesis Inc. ("PyroGenesis" or "the Company") (TSX: PYR) (OTCQX: PYRGF) (FRA: 8PY1), a leader in ultra-high temperature processes and engineering innovation, and a plasma-based technology provider to heavy industry & defense, today announces its financial and operating results for the second quarter ended June 30, 2026.

"PyroGenesis closed the second quarter with a forty-seven percent year-over-year revenue increase, continuing our strong start to the year. As with Q1, this second quarter is our best since 2022, and with only half the year complete we've already surpassed revenue for the first three quarters of 2025 while maintaining traditional margins," said P. Peter Pascali, President and CEO of PyroGenesis Inc. "Strong execution across our diversified technology portfolio, and a continued focus on operational efficiency and cost savings, enabled meaningful progress on project milestones and a tremendous improvement in our modified EBITDA. We continue to benefit from having removed millions of dollars from our recurring cost base over the past few years and remain committed to identifying additional opportunities to further streamline our production operations and improve our bottom line."

Mr. Pascali continued, "Q2 included the announcement of another supply agreement for our titanium powder. This is the second supply agreement in as many quarters, and points to rising interest in our metal powders, which is underscored by the amount of activity listed in this quarter's Outlook. We continue to see significant long-term opportunities in metal powder as the additive manufacturing industry transitions from early prototype adoption to wider component production, consolidates around core technologies, and gains broader acceptance across industrial markets. The update to our metal powder strategy released during Q2 which detailed, among other aspects, a further 20% reduction in operational cost for our patented NexGen™ powder production system, helps to further support our confidence that we will be highly competitive in this sector."

"After a strong first half of 2026 we are carrying the momentum into Q3 by driving new business across more customer sectors and executing against our forward order book. With numerous opportunities already in discussion as detailed in the Outlook, and with a robust backlog of \$40 million, we are anticipating a very solid second half of 2026."

KEY Q2 2026 FINANCIAL HIGHLIGHTS

- **Revenue of \$4.4 million**, up 47% vs. Q2 2025
- **Gross margin of 32%**
- **Net loss of \$1.1 million** compared to a loss of \$2.9 million in the same period a year ago
- **Modified EBITDA loss of \$0.5 million** vs. a loss of \$2.1 million in the same period a year ago
- **Revenue (Order) Backlog of \$40.0 million of signed and/or awarded contracts** as at August 6th, 2026, of which 88% is in U.S. dollars

Q2 2026 PRODUCTION AND SALES HIGHLIGHTS

Materials Production

- **In April** [news release dated April 9, 2026], the Company announced a contract toward a titanium powder supply and distribution agreement with an Asian Materials Company. The initial contract is for the supply of three "cut" sizes, ranging from fine to coarse. The customer supplies the Asian electronics market (specifically cell phone parts), and the titanium will be used in the additive manufacturing of electronics components. The contract allows the Client to perform final testing and analysis of titanium powder Ti64 across three different particle sizes: 20-63µm, 53-106µm, and 53-150µm. Once this process is complete, and assuming all regulatory and trade agreements are certified, the Client has indicated it will require multiple tonnes of PyroGenesis' titanium powder per year, with final volumes to be determined. Separately, the client is negotiating to be the official supplier of PyroGenesis' titanium powder to the Asian Electronics, Medical, and Aerospace industries. This client is one of those who had been indicated in the outlook section of PyroGenesis' Q4 2025 earnings report (press release dated March 30, 2026) that had expressed interest in titanium powders.
- **In April** [news release dated April 21, 2026], the Company announced the successful production of battery-grade carbon black and hydrogen ("H₂") from a proprietary PyroGenesis plasma torch system. The result was achieved with both a natural gas- and a methane-powered plasma torch as the primary hydrocarbon feedstock, which is then directly converted into carbon black and H₂ without the need for a secondary raw material feedstock and additives, the first to do so. The

process is combustion free, emission free, additive-free, and secondary feedstock-free. The resulting carbon black met quality levels well above battery grade requirements, as determined by an independent testing lab. The system was designed by PyroGenesis on behalf of its client, a Canadian company exploring alternative use of carbons for commercial applications. The project was previously announced (press release dated September 3, 2024) when the project began with a first phase contract valued at \$1 million for the design and delivery of a customized pilot-scale plasma reactor and associated testing infrastructure.

- **In April** [news release dated April 23, 2026], further to the April 21, 2026 news release, the Company announced the successful production of high quality battery-grade graphite from carbon black, using a proprietary plasma process. As per the April 21, 2026 news release, the carbon black used to produce the graphite was itself produced by PyroGenesis in a first-ever achievement. The second step converts the carbon black directly to graphite under high temperature provided by a plasma torch using an inert gas in an inert atmosphere. The resulting graphite surpassed 96% graphitization, as confirmed by an independent testing lab. The full 2-step system was designed by PyroGenesis on behalf of its client, a Canadian company exploring alternative use of carbons for commercial applications, and effectively produces graphite from a plasma torch with no additional feedstock or additives beyond the methane or natural gas used to create the plasma. PyroGenesis has a 10% royalty on future gross revenues generated from the client's initial commercial graphite production plant, and a 5% royalty on any subsequent plants. In addition, PyroGenesis is the exclusive plasma supplier and engineering service provider for the construction of any such plants.
- **In April** [news release dated April 29, 2026], the Company announced a corporate update on its NexGen™ titanium metal powder strategy. As stated in this release, the company has been positioning the additive division over recent years for the next level of growth, which would be an operational scale-up several times larger than what's currently in place, along with a goal to attract capital to finance the operational scale-up. The positioning for this growth is being executed within the context of continuous improvement of production processes, reducing operational costs, building critical mass across the product range by developing repeat customers, expanding the customer base across key segments, developing additional products from existing production runs, and de-risking product offerings by expanding powder suitability across three applications (laser bed powder fusion, electron beam melting, direct energy deposition). The Company outlined momentum included being approached by a corporation interested in securing distribution and/or production for the Middle East region, potentially as a joint venture; the Company signing a contract towards a supply agreement in Asia; and several recent contract announcements including repeat orders from the same customers.

Waste Processing

- **In June** [news release dated June 17, 2026], the Company announced the delivery of a new technology to convert contaminated biomass to syngas. The successful treatment of contaminated biomass increases the overall amount of biomass feedstock available for syngas production. Contaminated biomass can contain paint, solvents, and a variety of other chemicals and materials such as melamine that can get mixed into biomass in landfills or were added to wood products during manufacturing and prior to being recycled. PyroGenesis' high temperature waste-to-energy gasification technology allows for the treatment of contaminants in the produced syngas. The syngas can be used to generate electricity or in the production of a variety of products, including chemicals and fertilizers, methanol, ammonia, synthetic fuels such as renewable diesel and gasoline, and others. The project is a collaboration with its client Innofibre – Centre d'innovation des produits cellulosiques, a CCTT ("College Centre for the Transfer of Technologies") at the Cégep de Trois-Rivières. The CCTT is focused on the paper and biorefining industry in Quebec. PyroGenesis' technology was included during the launch of Innofibre's new \$14 million pilot and pre-commercial facility. The centre is the only one of its kind in North America equipped to operate under conditions mimicking those of industrial production.

Q2 2026 Financial Highlights

- **In May** [news release dated May 7, 2026], the Company announced 2026 Q1 results: quarterly revenue of \$4.9 million, up 63% year-over-year, representing the best overall revenue quarter since 2022 and the Company's second best Q1 in its history; quarterly net loss of \$1.0 million compared to a loss of \$4.26 million in the same period a year prior; backlog of \$43.1 million.
- **In May** [news release dated May 19, 2026], the Company announced a bought deal offering under the Limited Issuers Financing Exemption (LIFE) framework, with a concurrent CEO private placement of up to \$2.0 million.

- **Subsequently, in May** [news release dated May 20, 2026], the Company announced an upside of the bought deal offering to \$3.7 million. Combined, the Offering and the Concurrent Private Placement are expected to provide gross proceeds of up to \$6,255,057.50 to the Company.
- **Subsequently, in June** [news release dated June 3, 2026], the Company announced the closing of the previously announced bought deal, and an expectation that the concurrent CEO private placement would close the following day, for aggregate gross proceeds to the Company of \$6.26 million.
- **Subsequently, in June** [news release dated June 4, 2026], the Company announced the final closing of the previously announced concurrent CEO private placement for \$2 million, which combined with the bought deal offering that closed the previous day, provided aggregate gross proceeds to the Company of \$6.26 million.

Q2 2026 Operational Highlights

- **In April** [news release dated April 28, 2026], the Company announced the appointment of Jean Mayer as Vice-President, Legal Affairs and Corporate Secretary.
- **In May** [news release dated May 14, 2026], the Company announced a binding signed contract to acquire its Turcot Manufacturing Facility, after an agreement had been signed in an out-of-court settlement of its action in the Superior Court of Quebec to order the owner of the property located at 5655 Philippe-Turcot, Montréal, Québec to convey title of the property under PyroGenesis' contractual option to purchase. The settlement agreement allows PyroGenesis to acquire the Turcot Facility for a purchase price of \$3.1 million, with all parties to the proceedings providing full and final releases as per a signed agreement. The Company believes the current market value of the property is significantly higher than the agreed upon purchase price and is assessing all options for its future use.

FINANCIAL SUMMARY

1. Revenues

PyroGenesis recorded revenue of \$4.4 million in the second quarter of 2026 ("Q2, 2026"), representing an increase of \$1.4 million compared with \$3.0 million recorded in the second quarter of 2025 ("Q2, 2025"). Revenue for the six-month period ended June 30, 2026, was \$9.3 million, an increase of \$3.3 million over revenue of \$6.0 million in the same period of 2025.

Revenues recorded in the three and six-months ended June 30, 2026, were generated primarily from:

	Three months ended June 30		Variation	Six months ended June 30		Variation
	2026	2025	2026 vs 2025	2026	2025	2026 vs 2025
High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	—	136,275	(136,275)	35,124	296,104	(260,980)
Aluminium and zinc dross recovery (DROSRITE™)	596,809	125,234	471,575	872,239	293,974	578,265
Development and support related to systems supplied to the U.S. Navy	411,927	146,075	265,852	695,198	363,941	331,257
Torch-related sales	1,591,437	1,225,094	366,343	3,695,428	1,755,361	1,940,067
Refrigerant destruction (SPARC™)	1,062,134	333,124	729,010	2,611,263	609,908	2,001,355
Biogas upgrading and pollution controls	592,416	779,883	(187,467)	1,121,956	2,192,344	(1,070,388)
Other sales and services	169,955	261,962	(92,007)	266,034	483,550	(217,516)
Revenue	4,424,678	3,007,647	1,417,031	9,297,242	5,995,182	3,302,060

Q2, 2026 revenues increased by \$1.4 million, mainly as a result of:

- DROSRITE™ related sales increased by \$0.5 million, driven by increased spare parts orders from existing clients, the increase in storage revenue and the progression of contracts through project milestones,
- Development and support related to systems supplied for the US Navy increased by \$0.3 million, reflecting increased development and support activities during the period.
- Torch-related products and services increased by \$0.4 million, primarily driven by the advancement of fabrication, delivery, installation, commissioning, and onsite support activities on active contracts,

- SPARC™ related sales increased by \$0.7 million, reflecting continued progress in commissioning activities, and onsite support activities, and,
- Biogas upgrading and pollution controls decreased by \$0.2 million, primarily reflecting the timing of project milestones and revenue recognition compared with the prior-year period. This decrease was partially offset by a one-time adjustment related to a terminated project to recognize revenue for all milestones achieved.

During the six-month period ended June 30, 2026, revenues varied by \$3.3 million, mainly as a result of:

- DROSRITE™ related sales increased by \$0.6 million, driven by increased project activity and the progression of contracts through project milestones,
- Development and support related to systems supplied to the U.S Navy increased by \$0.3 million, reflecting increased development and support activities during the period,
- Torch-related products and services increased by \$1.9 million, primarily driven by the advancement of fabrication, delivery, installation, commissioning, and onsite support activities on active contracts,
- SPARC™ related sales increased by \$2.0 million, reflecting significant progress in delivery, installation, commissioning, and onsite execution activities, and,
- Biogas upgrading and pollution controls related sales decreased by \$1.1 million primarily reflecting the timing of project milestones and revenue recognition compared with the prior-year period.

Overall, revenue growth during the three and six months ended June 30, 2026, reflects continued execution across key product lines, particularly SPARC™, torch systems, DROSRITE™, and development and support activities related to systems supplied to the U.S. Navy. This growth was partially offset by lower contributions from biogas upgrading and pollution controls activities and the completion of development-stage activities within PUREVAP™. Consistent with prior periods, revenue variability remains closely linked to the timing of project milestones, fabrication progress, delivery, and onsite installation and commissioning activities.

As of August 6, 2026, revenue expected to be recognized in the future related to backlog of signed and/or awarded contracts is \$40.0 million,¹ of which 88% 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 June 30, 2026, cost of sales and services totaled \$3.0 million, compared to \$1.3 million in Q2 2025, representing an increase of \$1.7 million.

The increase was primarily driven by higher subcontracting costs, which increased by \$1.1 million, reflecting greater use of external resources to support project execution. The comparative period included a one-time adjustment that resulted in a negative subcontracting expense of \$0.4 million. Manufacturing overhead and other costs increased by \$0.4 million, consistent with higher production activity and the progression of projects through various stages of execution. Employee compensation increased by \$0.1 million, reflecting increased labour requirements associated with project execution. These increases were partially offset by a \$0.02 million decrease in direct material costs.

Gross profit for Q2 2026 was \$1.4 million, or 32% of revenue, compared to \$1.7 million, or 56% of revenue, in Q2 2025. The decrease in gross margin primarily reflects the higher proportion of subcontracting and manufacturing overhead costs incurred during the quarter, together with the impact of the one-time subcontracting adjustment recorded in the comparative period.

During the six months ended June 30, 2026, cost of sales and services totaled \$6.3 million, compared to \$3.5 million in the comparative period, representing an increase of \$2.8 million.

The increase was primarily attributable to higher subcontracting costs, which increased by \$1.4 million, reflecting greater use of external resources to support project execution, including the impact of the one-time negative subcontracting adjustment recorded in the comparative period. Manufacturing overhead and other costs increased by \$0.6 million, while direct material costs increased by \$0.6 million, reflecting increased project activity and material consumption as projects progressed through fabrication and execution. Employee compensation increased by \$0.2 million, reflecting increased labour requirements associated with project execution. Changes in investment tax credits and amortization of intangible assets were not material to the overall variance.

Gross profit for the six months ended June 30, 2026, was \$3.0 million, or 32% of revenue, compared to \$2.5 million, or 41% of revenue, in the comparative period. The increase in gross profit was primarily attributable to higher revenue, partially offset by increased cost of sales and services. The decrease in gross margin percentage primarily reflects differences in project mix and stage of completion, including increased subcontracting and manufacturing overhead costs, as well as the impact of the one-time subcontracting adjustment recorded in the comparative period.

Overall, cost of sales and services for the three and six months ended June 30, 2026, reflects the level, mix, and stage of project execution during the periods. Given the nature of the Company's long-term, project-based contracts, the mix of labour, materials, subcontracting, and manufacturing overhead may vary significantly between periods, and increases in input costs may not always be fully recoverable where pricing was established at contract inception. Cost of sales and services for the periods was consistent with management's expectations and the nature and timing of revenue recognized.

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 June 30, 2026, SG&A expenses totaled \$3.1 million, compared to \$3.6 million in Q2 2025, representing a decrease of \$0.5 million.

The decrease was primarily attributable to lower employee compensation, which decreased by \$0.6 million to \$1.9 million, reflecting continued cost control measures and workforce optimization. Office and general expenses decreased by \$0.2 million, while government grants increased by \$0.2 million, reflecting higher grant recoveries during the period. Depreciation of right-of-use assets decreased by \$0.2 million, primarily reflecting the impact of lease terminations and asset remeasurements. Insurance and other expenses decreased by \$0.1 million.

These decreases were partially offset by a \$0.1 million increase in depreciation of property and equipment, reflecting higher depreciation expense during the period, and a \$0.1 million increase in professional fees, primarily related to legal, advisory, and other professional services. Travel expenses increased by \$0.05 million, while share-based compensation expense increased by \$0.02 million, reflecting the timing and vesting of equity-based options.

Expected credit loss and bad debt resulted in a recovery of \$0.1 million in Q2 2026, compared to a recovery of \$0.7 million in Q2 2025, representing an unfavorable variance of \$0.6 million. The decrease in the recovery reflects the timing of changes in expected credit loss provisions and bad debt recoveries between the respective periods.

Foreign exchange resulted in a loss of less than \$0.01 million in Q2 2026, compared to a loss of \$0.2 million in Q2 2025, representing a favorable variance of \$0.2 million, primarily due to fluctuations in foreign currency-denominated transactions.

During the six months ended June 30, 2026, SG&A expenses totaled \$5.4 million, compared to \$7.3 million in the comparative period, representing a decrease of \$2.0 million.

The decrease was primarily attributable to lower employee compensation, which decreased by \$0.8 million to \$3.6 million, reflecting continued cost control measures and workforce optimization. Expected credit loss and bad debt resulted in a recovery of \$1.0 million during the six months ended June 30, 2026, compared to a recovery of \$0.2 million in the comparative period, representing a favorable variance of \$0.8 million. Depreciation of right-of-use assets decreased by \$0.3 million, primarily reflecting the impact of lease terminations and asset remeasurements. Insurance and other expenses decreased by \$0.1 million, while foreign exchange resulted in a favorable variance of \$0.1 million. Government grants increased by \$0.2 million, reflecting higher grant recoveries during the period.

These decreases were partially offset by higher share-based compensation, which increased by \$0.2 million to \$0.3 million, reflecting the timing and vesting of equity-based awards. Depreciation of property and equipment increased by \$0.1 million, while travel expenses increased by \$0.1 million, reflecting higher activity during the period. Professional fees were substantially consistent with the comparative period.

Share-based compensation expenses are non-cash expenses and are directly impacted by the vesting structure of the stock option plan, whereby options may vest between 10% and 100% on the grant date and may therefore require immediate recognition of the related expense.

Overall, the decrease in SG&A expenses for the three and six months ended June 30, 2026, primarily reflects lower employee compensation, favorable expected credit loss and bad debt movements, lower depreciation of right-of-use assets, and lower insurance and other expenses. These decreases were partially offset by higher share-based compensation, depreciation of property and equipment, and travel expenses. SG&A expenses continue to reflect the Company's cost control measures and the level and timing of operational activity.

4. Research and Development ("R&D") Costs, net

During the three months ended June 30, 2026, net research and development ("R&D") expenses totaled \$0.1 million, compared to \$0.4 million in Q2 2025, representing a decrease of \$0.3 million.

The decrease was primarily attributable to lower materials and equipment costs, which decreased by \$0.3 million to \$0.02 million, reflecting lower project-related purchases and development activity during the quarter. Employee compensation decreased by \$0.04 million, consistent with lower R&D activity. Investment tax credits increased the recovery by \$0.01 million, while other R&D expenses increased by \$0.05 million, primarily reflecting the timing of project support and other development-related activities.

During the six months ended June 30, 2026, net R&D expenses totaled \$0.3 million, compared to \$0.7 million in the comparative period, representing a decrease of \$0.5 million.

The decrease was primarily attributable to lower materials and equipment costs, which decreased by \$0.3 million to \$0.03 million, and lower employee compensation, which decreased by \$0.1 million, reflecting lower R&D activity during the period. Investment tax credits increased the recovery by \$0.02 million, while other R&D expenses decreased by \$0.04 million, primarily reflecting the timing of project support and other development-related activities.

Overall, the decrease in R&D expenses during the three and six months ended June 30, 2026, reflects the timing and progression of development initiatives and continued discipline in the allocation of resources across the Company's innovation programs. R&D expenditures may vary from period to period depending on the stage of development of the Company's technologies and the prioritization of internal and external resources.

In addition to internally funded R&D projects, the Company incurs R&D expenditures in connection with client-funded projects. These expenditures are eligible for Scientific Research and Experimental Development ("SR&ED") tax credits, which are applied against cost of sales and services when related to client-funded projects (see "Cost of Sales and Services" above).

5. Finance Expenses (income), net

During the three months ended June 30, 2026, net finance expenses totaled \$0.3 million, compared to net finance income of \$0.8 million in Q2 2025, representing an unfavorable variance of \$1.1 million.

The unfavorable variance was primarily attributable to the non-recurrence of \$1.0 million of finance income recognized in Q2 2025 from the accretion and revaluation of the balance due on a business combination. In addition, interest and accretion on secured loans increased by \$0.1 million, reflecting the secured financing arrangements in place during the current period, while penalties and other interest increased by \$0.02 million.

These increases were partially offset by lower interest and accretion on convertible debentures, which decreased by \$0.07 million, reflecting lower outstanding balances and the progression toward maturity. Interest and accretion on the convertible loan decreased by \$0.01 million, as no such expense was recorded in Q2 2026 following its settlement in 2025. Interest on lease liabilities decreased by \$0.03 million, reflecting the reduction and amortization of lease obligations. Interest accretion on long-term loans decreased modestly.

Finance income from the accretion of royalties receivable increased by \$0.01 million to \$0.03 million, partially offsetting finance expenses.

During the six months ended June 30, 2026, net finance expenses totaled \$0.5 million, compared to net finance income of \$0.5 million in the comparative period, representing an unfavorable variance of \$1.0 million.

The unfavorable variance was primarily attributable to the non-recurrence of \$1.0 million of finance income recognized in the comparative period from the accretion and revaluation of the balance due on a business combination. Interest and accretion on secured loans increased by \$0.2 million, reflecting secured financing arrangements entered into subsequent to the comparative period.

These increases were partially offset by lower interest and accretion on convertible debentures, which decreased by \$0.1 million, and the absence of interest and accretion on the convertible loan following its settlement in 2025. Interest on lease liabilities decreased by \$0.1 million, reflecting the reduction and amortization of lease obligations, while penalties and other interest decreased by \$0.05 million.

Finance income from the accretion of royalties receivable increased by \$0.02 million, partially offsetting total finance expenses.

Overall, the increase in net finance expenses during the three and six months ended June 30, 2026, primarily reflects the non-recurrence of the significant finance income recognized in the comparative periods from the accretion and revaluation of the balance due on a business combination, together with higher costs associated with secured financing. These increases were partially offset by lower costs associated with convertible instruments and lease liabilities. Finance costs continue to reflect the Company's capital structure and the mix of financing instruments in place during the respective periods.

6. Strategic Investments

During the three and six months ended June 30, 2026, the change in fair value of strategic investments resulted in gains of \$0.01 million and \$0.005 million, respectively, compared to losses of \$1.4 million and \$2.1 million in the corresponding periods of 2025, representing unfavorable variances of \$1.4 million and \$2.1 million, respectively. The variances primarily reflect significant increases in the fair value of the Company's HPQ Silicon Inc. holdings recognized in the comparative periods. In 2026, changes in fair value related solely to the Company's investment in Beauce Gold Fields shares and were not significant.

7. Comprehensive Loss

During the three months ended June 30, 2026, the Company reported a comprehensive loss of \$1.1 million, compared to \$3.1 million in Q2 2025, representing a favorable variance of \$2.0 million. The improvement was primarily driven by higher revenue and gross profit, reflecting increased project activity across SPARC™, torch-related systems, DROSRITE™, and development and support activities related to systems supplied to the U.S. Navy. The improvement was further supported by a \$0.5 million reduction in SG&A expenses, primarily due to lower employee compensation and other operating expenses, as well as gains recognized in Other Income related to the settlement of the lease arrangement for the Turcot facility and the disposal of property and equipment.

These favorable factors were partially offset by higher net finance expenses, primarily due to the non-recurrence of the significant financial income recognized in Q2 2025 from the accretion and revaluation of the balance due on a business combination. In addition, the gain on the fair value of strategic investments was significantly lower than in the comparative period.

During the six months ended June 30, 2026, the Company reported a comprehensive loss of \$2.2 million, compared to \$7.5 million in the comparative period, representing a favorable variance of \$5.3 million. The improvement primarily reflects higher revenue and gross profit, together with a \$2.0 million reduction in SG&A expenses, driven by lower employee compensation and favorable expected credit loss and bad debt movements. Gains recognized in Other Income, including those related to the settlement of the Turcot facility lease arrangement and the disposal of property and equipment, also contributed positively to the results.

These improvements were partially offset by higher net finance expenses, primarily due to the non-recurrence of the significant financial income recognized in the comparative period from the accretion and revaluation of the balance due on a business combination. The Company also recognized significantly lower gains on the fair value of strategic investments compared to the comparative period.

Overall, the reduction in comprehensive loss for both the three and six months ended June 30, 2026, reflects improved operating performance, lower SG&A expenses, and gains recognized in Other Income, partially offset by the non-recurrence of significant non-cash gains recognized in the comparative periods. The Company's results continue to be influenced by the timing of project execution and milestone recognition, as well as financing activities and market-driven valuation adjustments.

8. Liquidity and Capital Resources

As at June 30, 2026, the Company had cash of \$1.3 million, included in the net working capital deficiency of \$7.1 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 its access to capital markets it will be able to finance its operations for the foreseeable future.

The Company's term loan balance at June 30, 2026, was \$214,624 and decreased by \$32,970 since December 31, 2025, 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 February 2026, the Company entered into a secured loan agreement with the President and CEO whereby the Company borrowed \$800,000, bearing interest at 5%, and was reimbursed prior to June 30, 2026.

In March 2026, the Company raised \$1,973,449 from a non-brokered private placement consisting of 3,654,537 units. Each unit includes one common share and one-half common share purchase warrant.

In June 2026, the Company completed a “bought deal” equity financing, pursuant to which the Company issued 12,514,875 units for aggregate gross proceeds of \$4,255,057.50 at a price per unit of \$0.34. Each unit includes one common share and one common share purchase warrant.

Also in June 2026, the Company announced the completion of a non-brokered private placement which was solely and entirely subscribed by the Company's President and CEO, for 5,882,352 units at a price per unit of \$0.34, for gross proceeds of \$2,000,000. Each unit includes one common share and one common share purchase warrant.

The Company's convertible debenture will come to maturity in July 2026, whereby one monthly payment remains. The average interest rate on the term loans, secured loans and convertible debenture at June 30, 2026, is approximately 13%. The Company does not expect changes to the structure of term loans, secured loans and convertible debenture in the next twelve-month period, other than those expiring in the year.

A commercial bank issued a standby letter of credit on behalf of the Company to a customer in the amount \$0.3 million (expiration in November 2026) on advance guarantees secured by Export Development Canada.

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 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 segments 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, airframe materials testing, 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.

Enhanced Sales and Marketing

Against the backdrop of its strategy, the Company continues to focus on sales, marketing, and R&D efforts in-line with – and in some cases ahead of – the growth curve for industrial change related to energy transition, electrification, protection of the critical mineral supply chain, and greenhouse gas reduction efforts.

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, Ukraine, or Iran, 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 Saudi Arabia 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 petroleum prices, higher air travel fares, and put additional inflationary pressures on various goods including energy.

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 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 4th 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 Q4 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. During Q2 the Company and this client continued discussions. An announcement may be expected in the near term.

Super High-Powered Plasma Torch for Aluminum Producer:

As reported in the Q4 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. During Q1, the client requested a larger feasibility study for a full-scale conversion (to plasma torches) of an entire aluminum casthouse containing multiple furnaces. During Q2 the PyroGenesis submitted plans and estimates for this study, and a decision may be expected in the near term.

Advanced Cement Research:

The Company is in discussions with a university research centre in North Africa for the use of a plasma furnace in research into advanced cement production and calcination.

Plasma Torch for Metallurgy:

The company is in discussions with a European research institute for multiple plasma torches for use in advanced metallurgy research.

Materials Production:

Semi-Conductor Research:

The Company is in discussions with a government research centre in North Africa for the use of plasma in raw material production related to semi-conductor research.

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 to convert quartz into fumed silica in a single and eco-friendly step, for HPQ Polvere ("Polvere"), a wholly owned subsidiary of HPQ Silicon Inc. ("HPQ"). 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.

During Q1, [news release dated January 22, 2026] the Company announced the signing of a memorandum of understanding ("MOU") toward a joint venture for the development of a commercial scale fumed silica plant. Specifically, that its client HPQ, through Polvere, and an industrial Joint Venture partner, have signed a non-binding MOU to form a joint venture company (the "JV"), for the purpose of operating a 1,000 tonne per year fumed silica production plant. PyroGenesis, under an exclusive manufacturing arrangement, would build the fumed silica reactor for US\$20.0 million (approximately CA\$27.3 million).

As stated in the January 22, 2026, news release, the formation of the JV will be contingent upon the successful negotiation and execution of one or more definitive agreements pertaining to the JV and related obligations by the parties thereto. As stated previously, these documents are expected to be completed and signed no later than the end of Q2 2026. Negotiations continued throughout Q2 2026 and remain ongoing.

Separately, the Company has started discussions with other major entities for potential joint ventures related to fumed silica production plants.

Titanium Metal Powder:

It was previously announced the Company was in discussions with various companies for potential titanium powder orders, including with various potential clients in Europe.

During Q4 2025 [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 powder, it was noted that PyroGenesis will supply the client on a recurring as-needed basis. During Q1 2026, [news release dated January 22, 2026] the Company announced an additional contract for one tonne of titanium powder under the powder supply agreement. Additional orders from this client may be expected in the near term.

During Q2, in April [news release dated April 9, 2026], the Company announced a contract toward a titanium powder supply and distribution agreement with an Asian materials company. The initial contract is for the supply of three "cut" sizes, ranging from fine to coarse. The customer is a materials company supplying the Asian electronics market (specifically cell phone parts). The contract will allow the Client to perform final testing and analysis of titanium powder across three different particle sizes: 20-63µm, 53-106µm, and 53-150µm. Once this process is complete, and assuming all regulatory and trade agreements are certified, the Client has indicated it will require multiple tonnes of PyroGenesis' titanium powder per year, with final volumes to be determined. Separately, the Client is negotiating to be the official supplier of PyroGenesis' titanium powder to the Asian Electronics, Medical, and Aerospace industries. A further announcement regarding this client may be expected in the near term, as the company resolves standard delays related to securing export permits.

The company is currently in discussions with several other companies for titanium powder orders, including:

- A European company who has previously purchased powder from PyroGenesis.
- 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 French materials company considering the purchase of fine cut powder.
- A previous US-based customer, for a monthly powder supply agreement of up to 1 tonne per month.
- A US-based materials broker, for a month power supply agreement for up to 500 kg per month.
- A major US university, for use in research and course work.
- A Canadian contract manufacturer specializing in additive manufacturing.
- A global materials company.
- A US-based technology provider to the additive manufacturing industry.

Other Metal (Non-Titanium) Powders:

The Company recently started discussions with a major US aerospace firm, for a large, long-term metal powder supply agreement.

The Company recently started discussions with a Middle Eastern firm who is seeking a partner to produce aluminum and stainless-steel powders.

Agricultural Material Development:

The Company is in discussions with company to use plasma in the production of various chemicals and materials used in the agricultural industry.

Waste Processing:

Plastic Waste:

The company is in discussions with a North American company for the use of plasma in plastic waste conversion.

Drosrite:

The company continues to in advanced discussions with a European company for the sale of Drosrite systems, with announcements potentially 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 also stated that the project scope has risen to between \$3-\$5 million, and an announcement was expected in the near term. As of Q2 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. As of Q2 2026 the negotiation process continues.

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

Energy Transition:

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 has 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 will continue at the client's discretion until they determine they have sufficient performance data, with no estimated timeline.

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 assessing potential next steps, with no estimated timeline.

Plasma Systems for Aerospace Testing:

The Company is in discussions with a US university for a plasma torch to test materials in atmospheric re-entry conditions.

Plasma Systems for Aerospace Testing:

The Company is in discussions with a second US university (not related to the above) for a plasma torch for advanced aerospace applications.

Steel Production:

The company is in discussions with a North Africa entity for the use of plasma in the steel production process.

Materials Production:

Mineral Extraction:

The Company is in discussions with a North American mining company to test plasma to help extract critical minerals such as alkali metals from silicates. A proposal is being developed, and an announcement may be expected in the mid or near term.

Plasma Systems for Hydrogen Production:

The Company is in discussions with a North American gas distributor to use plasma in the large scale production of hydrogen.

Plastic Pyrolysis to Produce Hydrogen and Carbon Black:

The Company previously announced it is in discussions with a North American clean-tech company as part of a project to produce hydrogen and carbon black from plastic. Negotiations with the client continues.

Carbon Black from Pyrolysis of Fossil Fuel Derivatives:

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. In Q1 the Company developed a proof-of-concept lab test, and discussions are underway for next phase. In Q2 the Company submitted a detailed report and are awaiting next steps.

Battery Materials

The Company is in discussions with a major US university for the use of plasma in the development of battery materials.

Methane and Plasma:

The Company is in discussions with a major US university (not related to the above) for the use of plasma in applications related to methane.

Agricultural Material:

The Company is in discussions with US company who develops material for use in the agricultural industry, for both low-powered (up to 40 kW) and hyper-high powered (6 MW) plasma torches.

Fumed Silica:

The Company is in discussions with a Middle Eastern company for the potential purchase of fumed silica reactors to product fumed silica for the Middle Eastern region.

Metal Powder Qualifications:

The Company has started the process to qualify its metal powder with an Asian 3D printing and scientific instruments OEM. Once qualified, the client could use the Company's powder for internal operations and recommend it to their customers.

NexGen System Sales:

The Company has started discussions with an Asian industrial equipment firm interested in a purchase or licensing agreement for the Company's Nexgen plasma atomization system. While the Company has not previously considered requests for system sales, the scale of the potential deal indicated a potential benefit, so very preliminary discussions have started.

Titanium Metal Powder:

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

Carbon Black and Hydrogen:

The Company is in discussions with company for plastic pyrolysis for hydrogen and carbon production, using plasma.

Waste Processing:

Drosrite Systems:

In the Q4 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. In the Q1 2026 Outlook, it was stated that client representatives visited PyroGenesis' Montreal facilities for additional discussions and that an announcement may be expected in the near term. Further discussions in Q2 have identified a specific need for the potential use of Drosrite to produce calcium aluminate instead of melting aluminum scrap. This update has been moved to a mid term potential to allow for further investigation of this newly defined usage.

The Company is also in discussions with a global mining firm for a Drosrite system which would likely start with a testing campaign on-site at the miner's factory.

Chemical Weapons Destruction (PACWADS):

In Q1, [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. This project has been moved to mid-term potential to reflect the opaqueness of the RFQ process and related timelines.

Separately, the Company recently responded to a request for information about chemical warfare destruction technologies, issued by a major military unit.

Drosrite:

The Company is in discussions with a Canadian company for projects related to aluminum dross processing.

Plasma Torch System for Pyrolysis:

In the Q4 Outlook, it was stated that the negotiations had continued 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 Q2, negotiations with this client continue, with a potential announcement in the mid-term.

Drosrite Systems:

The Company is in various stages of discussions with aluminum manufacturers to purchase Drosrite aluminum dross processing systems, including with two Middle Eastern aluminum companies for the purchase of multiple 5,000+ tonnes or 10,000+ tonnes per year Drosrite furnaces, including for an existing client.

Drosrite Systems:

It was stated in the Q1 2026 Outlook that the company had recently begun discussions with a major aluminum company in India, for the potential sale of Drosrite systems. As of Q2 PyroGenesis is providing technical material to the client team for plant evaluation over the next few months.

Hazardous Aerosol Treatment:

The Company continues 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. The client has requested the preparation of quotes for various systems. In Q2 2026, the discussions moved to include PyroGenesis' subsidiary Pyro Green-Gas.

Radioactive Waste Destruction:

A design phase contract was signed during Q4 2025 [news release dated December 17, 2025] with a major European entity for the use of plasma in the destruction of low-level radioactive waste, 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. During Q1 2026, the Company designed a custom system for potential use by the client. This design was submitted and the client is reviewing the design for eventual submission to their government's nuclear agency. Next phase may be detailed design leading to procurement and construction. If selected for this competitive

project, total project cost may be approximately \$6-8 million. Recent document exchange during Q2 2026 included technical standards for the development of additional designs, with a Q4 2026 likelihood for next steps.

Business Line Developments: Long Term (> 6 months)

Energy Transition:

Cement Production Calcination:

As mentioned in the Q4 2025 Outlook, the Company is in discussions with a European company within the cement industry, for the sale of an additional 1MW plasma torch system to replace gas burners in the limestone calcination process. As of Q2 2026 the potential customer continues to secure financing.

Wind Tunnel Applications:

The Company is in discussions to develop a plasma wind tunnel application, in conjunction with an aerospace sector entity.

Plasma Torches for Metallurgy R&D:

The Company is in initial discussions with a European university conducting advanced metallurgy R&D, for the purchase of a plasma torch system. There has been no movement on this file so it will be removed from future Outlooks.

20 MW Plasma Torches for Aeronautics and Defense Client:

A contract for a 20MW plasma torch was signed in Q4 2024 [news release dated October 21, 2024], by 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. PyroGenesis previously designed and built a 4.5MW plasma torch to this same client, which was delivered in Q1 2026.

A plasma torch at the 20MW power level, based on PyroGenesis' own research, represents 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 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. Negotiations on this potential project are likely to take an extended period, so the project has been moved to the long term category.

Plasma-Based Glass Recycling:

As stated in previously Outlooks, 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. For budgetary reasons on the client side, this potential project has been moved to a longer horizon. As of Q2 2026 the client was acquired by a venture capital firm and the state of future projects are currently unknown.

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. For budgetary reasons on the client side, this potential project has been moved to a longer horizon.

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. In Q2 the Company provided a quote for a plasma torch system, but future project timelines are currently unknown.

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. At this time the project is not likely to proceed; this will be removed from future Outlooks.

Plasma Torches for Global Chemical Firm:

In previous Outlooks, 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 discussions continue sporadically regarding potential integration of plasma torches into that facility. There were no further discussions in Q2 2026, as the client focuses on internal projects.

Materials Production:

Lithium Battery Material Recovery:

In Q1 [news release dated February 26, 2026] the Company announced achieving successful results from the primary testing campaign 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 client is a North American battery material recycler. It was stated that there may be a subsequent testing phase required which 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 continued during Q1 2026. The client is now anticipating a Q1-Q2 2027 restart to the project due to the client's internal factors.

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. Previously the Company developed and delivered an advanced feasibility and technical study towards the construction of a pilot plant. As of Q2 2026, the Company is waiting on go-forward decisions from the client.

Silicon, Nano-Silicon, and Silica Production:

As stated in previous Outlooks, 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. While no further developments were achieved in Q2 2026, longer term communication remains planned. 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. Discussions continue 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 national research institute examining the use of plasma in nano silicon materials.

Waste Processing:

Waste-to-Chemicals Demonstration Plant:

The Company is in early-stage discussions with European academic research consortium to build a facility to convert municipal solid waste to chemicals, using a rotary kiln and steam plasma applications.

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. The client has indicated a 2027 project start is more likely, with an estimated \$500,000 small plasma system being the current proposed technology.

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. The financing capabilities and timeline with this potential client are unknown so the project has been moved to the long-term category.

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 2025 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 movement in Q2 2026.

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 movement in Q2 2026.

** Please note that projects or potential projects previously announced, or listed in previous Outlooks, that do not appear in the above summary updates, should not be considered as 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 passed milestones worthy of discussion. **

FURTHER INFORMATION

Additional information relating to Company and its business, including the 2025 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 and 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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