

# PyroGenesis Inc.

## Management's Discussion and Analysis

For the three-month periods ended March 31, 2025, and 2024

(Unaudited)

This management's discussion and analysis ("MD&A") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of PyroGenesis Canada Inc. ("PyroGenesis", or the "Company"). The MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the three-month period ended March 31, 2025. The MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Requirements, and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended December 31, 2024.

The condensed consolidated interim financial statements and MD&A have been reviewed by PyroGenesis' Audit Committee and were approved by its Board of Directors on May 13, 2025. The Board of Directors is responsible for ensuring that the Company fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of independent directors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the MD&A and financial statements for issuance to shareholders.

The following information takes into account all material events that took place up until May 13, 2025, the date on which the Company's Board of Directors approved this MD&A. Unless otherwise indicated, all amounts are presented in Canadian dollars. The Company's functional and reporting currency is the Canadian dollar.

Additional information regarding PyroGenesis is available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at [www.sedarplus.ca](http://www.sedarplus.ca), the Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") at [www.sec.gov](http://www.sec.gov) (up until the NASDAQ voluntary delisting in November 2023) and on the Company's website at [www.pyrogenesis.com](http://www.pyrogenesis.com).

### FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, the Company's statements regarding its products and services; relations with suppliers and clients; future financial position; business strategies; potential acquisitions; potential business partnering; litigation; and plans and objectives. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "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" or "will be taken", "occur" or "be achieved" and similar words or the negative thereof. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

In particular, this MD&A contains forward-looking statements that relate, but are not limited, to:

- the Company's business strategies, strategic objectives and growth strategy;
- the Company's current and future capital resources and the need for additional financing;
- the Company's ability to increase sales, including the results of the successful completion of the Company's current projects;
- management's expectation that the Company will achieve sustained annual growth and profitability, and that gross margins will increase resulting in a decrease in cost of sales as a percentage of revenue; and
- the Company's overall financial performance.

By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties including those discussed herein. In particular, forward-looking statements relating to future sales, growth and profitability are based on the assumption that current projects will be completed, and the Company will be awarded certain anticipated contracts pursuant to recent negotiations with, and statements made by, third parties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned to not place undue reliance on forward-looking statements made herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by forward-looking statements, including, without limitation, risks and uncertainties relating to: the strength of the Canadian, US, European and Asian economies; operational, funding, and liquidity risks; unforeseen engineering and environmental problems; delays or inability to obtain required financing and/or anticipated contracts; risks associated with licenses, permits and regulatory approvals; supply interruptions or labour disputes; foreign exchange fluctuations and collection risk; competition from other suppliers, or alternative, less capital intensive, energy solutions; and risk factors described elsewhere under the heading "Risk Factors" in this MD&A and the Annual Information Form of the Company dated March 31, 2025 (the "Annual Information Form"), and elsewhere in this MD&A and other filings that the Company has made and may make in the future with applicable securities regulatory authorities. We caution that the foregoing list of factors is not exhaustive, and that, when relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

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Although the Company has attempted to identify significant factors that could cause actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are provided as of the date of this MD&A, and the Company assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances except as required under applicable securities laws.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A or such other date specified herein.

### BASIS OF PRESENTATION

For reporting purposes, we prepared the 2024 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial information contained in this MD&A was derived from the 2024 consolidated financial statements. Unless otherwise indicated, all references to "\$" are to Canadian dollars. Unless otherwise indicated, all references to a specific "note" refer to the notes to the 2024 consolidated financial statements. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

### NON-IFRS MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use non-IFRS measures, including EBITDA and Modified EBITDA, both of which are not considered an alternative to income or loss from operations, or to net earnings or loss, in the context of measuring a company's performance. EBITDA is used by management in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. Management believes that EBITDA is used by investors as it provides supplemental measures of operating performance and thus highlights trends in our business that may not otherwise be apparent when relying solely on IFRS measures, and to compare the results of our operations with entities that have similar structures. Management uses Modified EBITDA as it brings additional clarity to operating performance, eliminates variations in the fair value of strategic investments, among others, which may be beyond the control of the Company. Management believes that investors use Modified EBITDA for similar purposes and to evaluate performance while adjusting for non-cash discretionary expenses. Modified EBITDA allows a more appropriate comparison to companies whose earnings or loss is not adjusted by fair value adjustments from strategic investments. The Company also uses "Backlog" or "Backlog of signed and/or awarded contracts" interchangeably, as a non-IFRS measure. Backlog figures allow management of the Company to foresee and predict their future needs and resource planning. Management believes that "Backlog" is used by investors to evaluate the Company, its future performance and to better understand the production capacity.

**EBITDA:** We define EBITDA as net earnings before net financing costs, income taxes, depreciation and amortization. See "Results of Operations - Reconciliation of Non-IFRS measures (EBITDA and Modified EBITDA)".

**Modified EBITDA:** We defined Modified EBITDA as EBITDA and adjust for non-cash items namely share-based payments expenses and changes in fair value of strategic investments. See "Results of Operations - Reconciliation of Non-IFRS measures (EBITDA and Modified EBITDA)".

**Backlog or Backlog of signed and/or awarded contracts:** This measure is defined as contracts with customers, firm purchase order and contracts agreed between us and the customer, whereby we can determine the proceeds and the obligations to perform.

### OVERVIEW

PyroGenesis Inc. is a leader in the design, development, manufacture and commercialization of advanced plasma processes. We provide engineering and manufacturing expertise, cutting-edge contract research, as well as turnkey process equipment packages to the defense, metallurgical, mining, additive manufacturing (including 3D printing), oil & gas, and environmental industries. With a team of experienced engineers, scientists and technicians working out of our Montreal office and our 40,902 sq. ft. (3,800 m<sup>2</sup>) and 31,632 sq. ft. (2,940 m<sup>2</sup>) manufacturing facilities, PyroGenesis maintains its competitive advantage by remaining at the forefront of technology development and commercialization. Our core competencies allow PyroGenesis to lead the way in providing innovative plasma torches, plasma waste processes, high-temperature metallurgical processes, and engineering services to the global marketplace. Our operations are ISO 9001:2015 and AS9100D certified, having been ISO certified since 1997. Since our acquisition of Pyro Green-Gas Inc. (formerly AirScience Technologies Inc), we now offer technologies, equipment, and expertise in the area of biogas upgrading, and air pollution

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control. As a result, we have extended our presence in Italy and India, and this acquisition provides potential synergies with our current land-based waste destruction offerings. Our common shares are listed on the Toronto Stock Exchange (TSX) (Ticker Symbol: PYR) and tradeable through the OTCQX Best Market (Ticker Symbol: PYRGF) and the Frankfurt Stock Exchange (FSX) (Ticker symbol: 8PY1). Effective November 5, 2024, the Company changed its name from PyroGenesis Canada Inc. to PyroGenesis Inc., reflecting a strategic evolution aligned with the Company's ongoing expansion and its commitment to serving a global market.

This MD&A includes the accounts of the Company, Pyro Green-Gas Inc (including the subsidiaries in Italy and India) as well as PyroGenesis International LLC ("PyroGenesis International), formerly Drosrite International LLC. In July 2024, the Company acquired Drosrite International LLC and renamed the entity to PyroGenesis International. Prior to July 2024, Drosrite International was owned by a member of the Company's key management personnel and close family member of the Chief Executive Officer ("CEO") and controlling shareholder and was deemed for the purposes of the consolidated financial statements to be controlled by the Company. Unless otherwise stated, reference to subsidiaries in the consolidated financial statements and this MD&A shall include PyroGenesis International and/or Pyro Green-Gas Inc. All transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

### INFORMATION FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE QUARTERS ENDED MARCH 31

(expressed in dollars):

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
<b>Revenues</b>	<b>2,987,535</b>	3,486,397	(498,862)
Cost of sales and services	<b>2,189,052</b>	2,730,052	(541,000)
Gross profit	<b>798,483</b>	756,345	42,138
<b>Expenses</b>			
Selling, general and administrative (excluding share-based compensation expenses)	<b>3,723,756</b>	4,058,880	(335,124)
Research and development, net	<b>309,371</b>	233,088	76,283
Total expenses (excluding share-based compensation expenses)	<b>4,033,127</b>	4,291,968	(258,841)
Net loss from operations (excluding share-based compensation expenses)	<b>(3,234,644)</b>	(3,535,623)	300,979
Share-based compensation expenses	<b>12,667</b>	479,598	(466,931)
Net loss from operations	<b>(3,247,311)</b>	(4,015,221)	767,910
Changes in fair market value of strategic investments and net financial expenses (income)	<b>1,014,678</b>	383,622	631,056
<b>Net loss</b>	<b>(4,261,989)</b>	(4,398,843)	136,854
Foreign currency translation gain (loss) on investments in foreign operations	<b>(105,488)</b>	(7,042)	(98,446)
<b>Comprehensive loss</b>	<b>(4,367,477)</b>	(4,405,885)	38,408
<b>Loss per share</b>			
Basic	<b>(0.02)</b>	(0.02)	–
Diluted	<b>(0.02)</b>	(0.02)	–
<b>Modified EBITDA <sup>(1)</sup></b>	<b>(2,966,147)</b>	(3,168,541)	202,394

(1) See "Non-IFRS Measures"

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### INFORMATION FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE PERIODS ENDED MARCH 31

(expressed in dollars):

	March 31, 2025	March 31, 2024	March 31, 2023
<b>Revenues</b>	<b>2,987,535</b>	3,486,397	2,591,622
Cost of sales and services	<b>2,189,052</b>	2,730,052	2,065,049
Gross profit	<b>798,483</b>	756,345	526,573
<b>Expenses</b>			
Selling, general and administrative (excluding share-based compensation expenses)	<b>3,723,756</b>	4,058,880	6,568,946
Research and development, net	<b>309,371</b>	233,088	323,216
Total expenses (excluding share-based compensation expenses)	<b>4,033,127</b>	4,291,968	6,892,162
<b>Net loss from operations (excluding share-based compensation expenses)</b>	<b>(3,234,644)</b>	(3,535,623)	(6,365,589)
Share-based compensation expenses	<b>12,667</b>	479,598	988,162
Net loss from operations	<b>(3,247,311)</b>	(4,015,221)	(7,353,751)
Changes in fair market value of strategic investments and net financial expenses (income)	<b>1,014,678</b>	383,622	(1,215,144)
<b>Net loss</b>	<b>(4,261,989)</b>	(4,398,843)	(6,138,607)
Foreign currency translation gain (loss) on investments in foreign operations	<b>(105,488)</b>	(7,042)	(19,013)
<b>Comprehensive loss</b>	<b>(4,367,477)</b>	(4,405,885)	(6,157,620)
<b>Loss per share</b>			
Basic	<b>(0.02)</b>	(0.02)	(0.03)
Diluted	<b>(0.02)</b>	(0.02)	(0.03)
<b>Modified EBITDA <sup>(1)</sup></b>	<b>(2,966,147)</b>	(3,168,541)	(5,846,127)

(1) See "Non-IFRS Measures"

### SELECTED FINANCIAL INFORMATION (expressed in dollars)

	March 31, 2025	December 31, 2024	December 31, 2023
Current assets	<b>12,129,431</b>	19,351,220	16,803,425
Non-current assets	<b>13,824,946</b>	9,849,455	11,631,926
<b>Total assets</b>	<b>25,954,377</b>	29,200,675	28,435,351
Current liabilities	<b>28,832,431</b>	28,567,765	23,811,144
Non-current liabilities	<b>3,765,604</b>	4,096,298	7,452,784
<b>Total liabilities</b>	<b>32,598,035</b>	32,664,063	31,263,928
<b>Shareholders' equity (deficiency)</b>	<b>(6,643,658)</b>	(3,463,388)	(2,828,577)

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### FINANCIAL CONDITION (expressed in dollars)

	March 31, 2025	December 31, 2024	Variation 2025 vs 2024
<i>Current Assets</i>			
Cash	224,172	2,975,461	(2,751,289)
Accounts receivable	5,834,773	9,624,611	(3,789,838)
Costs and profits in excess of billings on uncompleted contracts	422,329	1,209,479	(787,150)
Inventory	2,664,036	2,542,633	121,403
Investment tax credits receivable	237,616	237,616	—
Income tax receivable	16,820	16,810	10
Current portion of deposits	821,127	693,729	127,398
Current portion of royalties receivable	228,771	1,041,419	(812,648)
Contract assets	447,719	441,991	5,728
Prepaid expenses	1,232,068	567,471	664,597
<b>Total Current Assets</b>	<b>12,129,431</b>	<b>19,351,220</b>	<b>(7,221,789)</b>
<i>Non-Current assets</i>			
Deposits	99,238	99,238	—
Strategic investments	4,243,746	30,774	4,212,972
Property and equipment	2,665,254	2,838,810	(173,556)
Right-of-use-assets	4,580,835	4,763,389	(182,554)
Royalties receivable	544,730	529,137	15,593
Intangible assets	1,691,143	1,588,107	103,036
<b>Total Non-Current Assets</b>	<b>13,824,946</b>	<b>9,849,455</b>	<b>3,975,491</b>
<i>Current Liabilities</i>			
Bank indebtedness	—	88,046	(88,046)
Accounts payable and accrued liabilities	13,207,458	12,855,422	352,036
Billings in excess of costs and profits on uncompleted contracts	10,149,858	9,010,451	1,139,407
Current portion of term loans	90,000	90,000	—
Current portion of lease liabilities	2,491,256	2,571,377	(80,121)
Current portion of balance due on business combination	1,807,011	1,787,271	19,740
Current portion of convertible debentures	1,086,848	1,021,596	65,252
Current portion of convertible loan	—	1,143,602	(1,143,602)
<b>Total Current Liabilities</b>	<b>28,832,431</b>	<b>28,567,765</b>	<b>264,666</b>
<i>Non-current Liabilities</i>			
Lease liabilities	3,155,084	3,204,091	(49,007)
Term loans	204,047	218,774	(14,727)
Convertible debentures	406,473	673,433	(266,960)
<b>Total Non-Current Liabilities</b>	<b>3,765,604</b>	<b>4,096,298</b>	<b>(330,694)</b>

Working capital, (expressed as current assets less current liabilities) varied since December 31, 2024, by \$7.5 million, mainly a result of:

- a decrease of cash of \$2.8 million, explained in the section Summary of Cash Flows,
- a decrease of \$3.8 million in accounts receivable as the Company's trade receivables decreased, driven by the debt-to-equity conversion of the receivable owed by HPQ Silicon Inc. of \$4.1 million, and also the increase in allowance for expected credit losses by \$0.5 million,
- a decrease of \$0.8 million in costs and profits in excess of billings on uncompleted contracts, due to these amounts being converted to trade accounts receivables, as the project milestone is achieved,
- an increase of \$0.1 million in inventory, due to the production and storage of the Company's plasma atomized metal powders,
- an increase of \$0.1 million in current portion of deposits, attributable to advance payments made to suppliers in support of upcoming project activities,

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- a decrease of \$0.8 million in current portion of royalties receivable, resulting from the debt-to-equity conversion with HPQ Silicon Inc., to settle prior year unpaid royalties, with the issuance of shares,
- an increase of \$0.7 million in prepaid expenses, mainly related to the prepayment of the annual insurance program,
- an increase of \$0.4 million in accounts payable and accrued liabilities, primarily due to the timing of supplier payments and a reduction in accrued expenses at period end,
- an increase of \$1.1 million in billings in excess of costs and profits on uncompleted contracts, primarily due to the timing of project billing milestones and increased customer advances on active contracts, and,
- a decrease of \$1.1 million in current portion of convertible loan, due to the conversion of the entire loan balance into Common shares of the Company, as a result, 2,541,683 Common shares were issued in February 2025.

Non-current assets varied since December 31, 2024, by \$4.0 million, mainly a result of:

- an increase in strategic investments of \$4.2 million, mainly attributable to the debt-to-equity conversion with HPQ Silicon Inc., to resolve an outstanding liability of \$4.9 million owed to the Company, and a \$0.7 million decrease in the fair value of the common shares and warrants of HPQ Silicon Inc.,
- a decrease of property and equipment of \$0.2 million due to recurring depreciation,
- a decrease of \$0.2 million in right-of-use-assets due to the depreciation expense in the period, and,
- an increase of \$0.1 million in intangible assets, attributable to the capitalization of additional patent-related expenditures.

Non-current liabilities varied since December 31, 2024, by \$0.3 million, mainly a result of:

- a decrease in the convertible debenture, due to the debenture's maturity date approaching.

## RESULTS OF OPERATIONS

**Revenues** (expressed in dollars)

PyroGenesis recorded revenue of \$3.0 million in the first quarter of 2025 ("Q1, 2025"), representing a decrease of \$0.5 million compared with \$3.5 million recorded in the first quarter of 2024 ("Q1, 2024"),

Revenues recorded in the three-months ended March 31, 2025, were generated primarily from:

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	159,830	394,444	(234,614)
Aluminium and zinc dross recovery (DROSRITE™)	168,740	663,185	(494,445)
Development and support related to systems supplied to the U.S. Navy	217,867	1,044,434	(826,567)
Torch-related sales	530,267	877,048	(346,781)
Refrigerant destruction (SPARC™)	276,784	102,718	174,066
Biogas upgrading and pollution controls	1,412,461	32,049	1,380,412
Other sales and services	221,586	372,519	(150,933)
<b>Revenue</b>	<b>2,987,535</b>	<b>3,486,397</b>	<b>(498,862)</b>

Q1, 2025 revenues decreased by \$0.5 million, mainly as a result of:

- PUREVAP™ related sales decreased by \$0.2 million, attributable to the ongoing phases of the project. In February 2025, a successful week-long operation led to the production of the first batch of material. Preliminary visual analysis confirmed consistency with materials previously produced at lab scale. A comprehensive analysis is currently underway at an independent laboratory to verify the structural and chemical properties, provide quantitative data, and validate product quality. The results will inform process optimization for subsequent testing phases,
- DROSRITE™ related sales decreased by \$0.5 million, due to the decrease in spare parts orders from existing clients and the decrease in storage revenue and other ancillary revenue related to the DROSRITE units,
- Support services related to systems supplied for the US Navy decreased by \$0.8 million, due to the current stage of the project, with the advancements contingent upon the client's inspections which will be completed in Q2, 2025, partially offset, by the increase in awarded contracts for spare parts and engineering services from clients that are third-party suppliers of the US Navy,
- Torch-related products and services decreased by \$0.4 million, due to the completion of the project, with the Company currently providing continuous 24/7 onsite support,
- SPARC™ related sales increased by \$0.2 million, reflecting the steady progress achieved throughout the period. The pace is expected to accelerate with the anticipated completion of fabrication in Q2, 2025, followed by a structured ramp-up for delivery in fall 2025,

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- Biogas upgrading and pollution controls related sales increased by \$1.4 million specifically due to the project advancement of the Company's gas desulfurization projects, and,
- Other sales and services decreased by \$0.2 million, which is primarily attributable to variations in project timelines, customer demand, and the timing of service contracts.

As of May 13, 2025, revenue expected to be recognized in the future related to backlog of signed and/or awarded contracts is \$52 million,<sup>1</sup> 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.

<sup>1</sup>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.

### Cost of Sales and Services (expressed in dollars)

	Three months ended March 31		Variation 2025 vs 2024
	2025	2024	
Employee compensation	881,041	1,070,020	(188,979)
Subcontracting	576,437	66,749	509,688
Direct materials	372,512	1,177,948	(805,436)
Manufacturing overhead & other	347,955	332,740	15,215
Investment tax credits	—	(4,395)	4,395
Amortization of intangible assets	11,107	86,990	(75,883)
<b>Total Cost of Sales and Services</b>	<b>2,189,052</b>	<b>2,730,052</b>	<b>(541,000)</b>

### Gross Margin (expressed in dollars except for gross margin which is expressed as a percentage)

	Three months ended March 31	
	2025	2024
Revenues	2,987,535	3,486,397
Cost of Sales and Services	2,189,052	2,730,052
Gross Profit	798,483	756,345
Gross Margin %	27%	22%

Cost of sales and services for the three months ended March 31, 2025, totaled \$2.2 million, a decrease of \$0.5 million compared to the same period in 2024. This reduction was primarily driven by a \$0.2 million decrease in employee compensation, which declined to \$0.9 million from \$1.1 million in the prior year period, as well as a \$0.8 million reduction in direct materials costs, which fell to \$0.4 million from \$1.2 million, largely due to a lower volume of materials and labour costs incurred during the quarter.

Amortization of intangible assets also decreased by \$0.08 million, mainly attributable to intangible assets related to the Pyro Green-Gas acquisition, which were fully amortized by January 2024. The Company's remaining intangible assets are primarily composed of patents and deferred development costs, which will continue to be amortized over their respective useful lives.

These decreases were partially offset by an increase in subcontracting expenses, which rose to \$0.6 million from \$0.07 million, representing an increase of \$0.5 million. The rise in subcontracting costs reflects a strategic shift toward outsourcing certain specialized services to third-party providers to enhance operational efficiency and support higher project volumes during the period.

Gross profit for Q1 2025 was \$0.8 million, representing 27% of revenue, compared to \$0.8 million, or 22% of revenue, for Q1 2024. The increase in gross margin percentage was primarily attributable to a favourable sales mix featuring higher-margin services and improved cost efficiencies, including reductions in direct material costs and amortization expenses as well as operational improvements that enhanced productivity and resource utilization.

As a result of the type of contracts being executed and the nature of the project activity, 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.

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### **Selling, General and Administrative Expenses** (expressed in dollars)

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
Employee compensation	1,934,482	2,158,030	(223,548)
Share-based compensation expenses	12,667	479,598	(466,931)
Professional fees	457,094	588,183	(131,089)
Office and general	(13,533)	238,312	(251,845)
Travel	40,353	44,036	(3,683)
Depreciation of property and equipment	180,323	105,941	74,382
Depreciation of right-of-use assets	182,554	181,193	1,361
Government grants	(856)	(34,900)	34,044
Insurance and other expenses	442,164	647,840	(205,676)
Foreign exchange loss (gain)	(54,825)	(280,665)	225,840
Expected credit loss & bad debt	556,000	410,910	145,090
<b>Total selling, general and administrative</b>	<b>3,736,423</b>	<b>4,538,478</b>	<b>(802,055)</b>

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.

Selling, general and administrative (SG&A) expenses for the three months ended March 31, 2025, were \$3.7 million, representing a decrease of \$0.8 million, compared to \$4.5 million in the same period of 2024. The reduction was primarily driven by a \$0.2 million decrease in employee compensation, reflecting workforce optimization initiatives implemented to enhance operational efficiency. Share-based compensation expense, a non-cash item, declined by \$0.5 million due to the absence of option grants in Q1 2025, in contrast to the prior year's expense related to grants issued in 2024. Professional fees decreased by \$0.1 million, largely due to lower legal expenditures. Additionally, insurance and other general expenses declined by \$0.2 million, mainly as a result of ongoing cost control measures and a reduction in insurance premiums following the Company's transition from dual-listing status.

These decreases were partially offset by a \$0.2 million foreign exchange loss, resulting from currency fluctuations, and a \$0.1 million increase in expected credit loss and bad debt expense, reflecting the continuous application of the credit risk policy during the quarter.

Share-based compensation expenses are non-cash expenses and are directly impacted by the vesting structure of the stock option plan whereby options vest between 10% and up to 100% on the grant date and may require an immediate recognition of that cost.

### **Research and Development ("R&D") Costs, net** (expressed in dollars)

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
Employee compensation	183,985	145,022	38,963
Investment tax credits	—	(9,737)	9,737
Materials and equipment	27,032	95,141	(68,109)
Other expenses	98,354	2,662	95,692
<b>Total net R&amp;D expenses, net</b>	<b>309,371</b>	<b>233,088</b>	<b>76,283</b>

During the three months ended March 31, 2025, the Company incurred \$0.3 million in net R&D expenses on internal projects. The increase was driven by a \$0.1 million rise in employee compensation and other related expenses, reflecting additional personnel assigned to support the development of new technologies and enhancements to existing product lines. This investment aligns with the Company's strategy to strengthen its innovation pipeline and expand its market offerings.

These increases were offset by a \$0.07 million decrease in materials and equipment costs, which declined as several hardware-intensive phases of R&D projects were completed. During the quarter, the Company shifted its focus toward software development, process optimization, and design refinement activities, which generally require fewer material inputs. Management expects continued R&D investment in upcoming quarters to support the Company's long-term growth objectives.

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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).

### Financial expenses (income), net (expressed in dollars)

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
<b>Financial expenses</b>			
Interest on lease liabilities	63,263	56,859	6,404
Interest on convertible debentures	47,762	74,908	(27,146)
Interest on convertible loan	5,313	8,333	(3,020)
Interest accretion on and revaluation of balance due on business combination	19,740	—	19,740
Interest accretion of long-term loan	7,773	(3,257)	11,030
Interest accretion of convertible debentures	53,529	38,037	15,492
Interest accretion of convertible loan	30,908	39,160	(8,252)
Penalties and other interest	80,063	25,482	54,581
	<b>308,351</b>	<b>239,522</b>	<b>68,829</b>
<b>Financial income</b>			
Interest accretion on and revaluation of balance due on business combination	—	(21,833)	21,833
Interest accretion of royalties receivable	(22,141)	(22,385)	244
<b>Financial expenses (income), net</b>	<b>286,210</b>	<b>195,304</b>	<b>90,906</b>

Financial expenses for the three months ended March 31, 2025, totaled \$0.3 million, compared to \$0.2 million for the same period in 2024, reflecting an increase of \$0.09 million year-over-year. This increase was driven by the higher interest accretion on the convertible debenture, additional penalties & other interest and the interest on and revaluation of balance due on the business combination. These increases were partly offset by a decrease in interest expenses on the convertible debenture as the capital due is decreasing.

### Strategic Investments (expressed in dollars)

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
<b>Changes to fair value of strategic investments</b>	<b>728,468</b>	<b>188,318</b>	<b>540,150</b>

During the three-months ended March 31, 2025, the adjustment to fair market value of strategic investments for Q1 2025 resulted in a loss of \$0.7 million compared to a loss in the amount of \$0.2 million in Q1 2024. The increase in loss is attributable to the variation of the market value of the common shares owned by the Company of HPQ Silicon Inc. and the fair value of the warrants. The decrease in stock price was greater in Q1 2025 than in the same period last year, and a larger number of units were held in 2025.

### Comprehensive loss (expressed in dollars)

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
<b>Comprehensive loss</b>	<b>(4,367,477)</b>	<b>(4,405,885)</b>	<b>38,408</b>

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The net loss for the three months ended March 31, 2025, totaled \$4.3 million, compared to a loss of \$4.4 million for the same period in 2024. Although the Company had a lower net loss from operations in Q1 2025 by \$0.04 million, this was offset mainly by the loss from, changes in fair value of strategic investments. The comprehensive loss in Q1 2025 was affected by the foreign currency translation on investments in foreign operations. As a result, the Q1 2025 comprehensive loss is comparable to Q1 2024.

### Reconciliation of Non-IFRS measures: (EBITDA and Modified EBITDA) (expressed in dollars)

	Three months ended March 31		Variation 2025 vs 2024
	2025	2024	
Comprehensive loss	<b>(4,367,477)</b>	(4,405,885)	38,408
Depreciation of property and equipment	<b>180,323</b>	105,941	74,382
Depreciation of right-of-use assets	<b>182,555</b>	181,193	1,362
Amortization of intangible assets	<b>11,107</b>	86,990	(75,883)
Financial expenses (income), net	<b>286,210</b>	195,304	90,906
<b>EBITDA <sup>(1)</sup></b>	<b><u>(3,707,282)</u></b>	<u>(3,836,457)</u>	<u>129,175</u>
Other non-cash items:			
Share-based compensation expenses	<b>12,667</b>	479,598	(466,931)
Change in fair value of investments	<b>728,468</b>	188,318	540,150
<b>Modified EBITDA <sup>(1)</sup></b>	<b><u>(2,966,147)</u></b>	<u>(3,168,541)</u>	<u>202,394</u>

<sup>(1)</sup> See "Non-IFRS Measures"

EBITDA for the three months ended March 31, 2025, was a loss of \$3.7 million, compared to an EBITDA loss of \$3.8 million for the same period in 2024, representing a decrease of \$0.1 million year-over-year. The variation in EBITDA is primarily due to a \$0.1 million reduction in amortization of intangible assets, but higher depreciation of property and equipment and in net financial expenses.

Modified EBITDA for the three months ended March 31, 2025, was a loss of \$3.0 million, compared to a Modified EBITDA loss of \$3.2 million for the same period in 2024, representing a decrease in the loss of \$0.2 million. The improvement in Modified EBITDA is primarily attributable to the \$0.1 million reduction in EBITDA loss as mentioned above, along with a \$0.5 million decrease in share-based compensation expenses. These improvements were offset by a \$0.5 million increase in the loss from the change in the fair value of investments, based on the fair value adjustments during the period.

### SUMMARY OF QUARTERLY RESULTS (expressed in dollars)

	2025		2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenues	<b>2,987,535</b>	4,224,138	4,002,689	3,939,098	3,486,397	3,028,255	3,685,725	3,039,479	
Gross profit	<b>2,189,052</b>	1,745,562	1,672,637	1,124,643	756,345	1,745,562	1,099,392	1,927,664	
Gross margin %	<b>27%</b>	41%	42%	29%	22%	41%	30%	63%	
Comprehensive income (loss)	<b>(4,367,477)</b>	115,564	(3,907,068)	1,413,849	(4,405,885)	(9,768,239)	(6,256,292)	(6,333,708)	
Earnings (loss) per share									
Basic	<b>(0.02)</b>	0.00	(0.02)	0.01	(0.02)	(0.06)	(0.03)	(0.04)	
Diluted	<b>(0.02)</b>	0.00	(0.02)	0.01	(0.02)	(0.06)	(0.03)	(0.04)	

The majority of PyroGenesis' revenue is recognised over the time of the contract and is dependent on the timing of project initiation and execution, including project engineering, manufacturing, and testing.

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### SUMMARY OF CASH FLOWS (expressed in dollars)

	Three months ended March 31	
	2025	2024
Cash provided by (used in) operating activities	(2,028,009)	(2,763,272)
Cash provided by (used in) investing activities	(116,409)	1,588,959
Cash provided by (used in) financing activities	(605,937)	(475,794)
Effect of exchange rate changes on cash denominated in foreign currency	(934)	17,419
Decrease in cash	(2,751,289)	(1,632,688)
Cash - end of period	224,172	169,928

During the three-months ended March 31, 2025, cash flow used in operating activities was \$2.0 million compared to cash flow used of \$2.8 million for the same period in the prior year. The use of cash during Q1, 2025, consists of the net loss of \$4.3 million (Q1, 2024 – net loss of \$4.4 million) plus adjustments for operating activities of \$1.3 million (Q1, 2024 – \$1.2 million), including a net addition in working capital items of \$0.9 million (Q1, 2024 – net addition of \$0.4 million). The variation is due to the conversion of costs and profits in excess of billings on uncompleted contracts into account receivables and prepayments received from customers in 2025.

Investing activities resulted in a net use of funds of \$0.1 million in Q1, 2025 versus a source of funds of \$1.6 million in Q1 2024. In Q1 2025, the use of funds was mainly due to the acquisition of intangible assets. Whereas, in Q1 2024, \$1.6 million was generated from the disposal of the strategic investment.

Financing activities in the three months ended March 31, 2025, resulted in a net use of funds of \$0.6 million, compared to \$0.5 million for the same period in 2024. The increased outflow was primarily attributable to the repayment of the credit facility in January 2025 and \$0.1 million increase in the repayment of the convertible debentures. Three debenture payments were required in Q1 2025 versus two payments in Q1 2024.

The net cash position of the Company decreased by \$2.8 million for Q1, 2025, compared to a decrease of \$1.6 million for Q1, 2024.

### USE OF PROCEEDS FROM FINANCINGS

Description of intended use of funds from financings in the past 12 months	Proposed use of proceeds from financings completed in the past 12 months	Use of funds to Date
March 8, 2023: Private Placement for total gross proceeds of \$5,000,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 5,000,000
July 21, 2023: Private Placement of Convertible Debenture Units for total gross proceeds of \$3,030,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 3,030,000
December 20, 2023: Private Placement of Convertible Debenture loan for total gross proceeds of \$1,250,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 1,250,000
July 22, 2024: Private Placement for total gross proceeds of \$2,804,600	Proceeds were intended and used for working capital and general corporate purposes	\$ 2,804,600

### CAPITAL STOCK INFORMATION

The authorized share capital of the Company consists of an unlimited number of common shares. As at May 13, 2025, PyroGenesis had 186,685,328 Common Shares, 12,069,416 share purchase warrants, 13,330,000 outstanding stock options issued, and 12,050,000 exercisable options issued. In addition, the Company issued a convertible loan in December 2023, convertible debentures in July 2023 and closed a private placement in July 2024 (refer to notes 20 and 21 of the 2024 consolidated financial statements), whereby warrants were issued in these offerings. The exercise of stock options and/or other exchangeable securities, as well as any new equity financing, represents dilution factors for present and future shareholders.

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### FINANCIAL RISKS

#### Foreign Currency Risk

The Company enters into transactions denominated in US dollars and Euros, for which the related revenues, expenses, accounts receivable and accounts payable and accrued liabilities balances are subject to exchange rate fluctuations.

As at March 31, 2025, the Company's exposure to foreign exchange risk for amounts denominated in US dollars and Euros is as follows, as expressed in Canadian dollars:

	Three months ended March 31		Twelve months ended December 31	
	2025		2024	
	US \$	Euro \$	US \$	Euro \$
Cash	8,503	—	2,228,077	818,337
Accounts receivable	5,504,436	1,085,277	3,401,015	1,730,014
Accounts payable and accrued liabilities	(2,579,721)	(79,492)	(2,235,050)	(1,318,652)
<b>Total</b>	<b>2,933,218</b>	<b>1,005,785</b>	<b>3,394,042</b>	<b>1,229,699</b>

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### Sensitivity Analysis

At March 31, 2025, if the US Dollar and the Euro changes by 10% against the Canadian dollar with all other variables held constant, the impact on pre-tax gain or loss and equity for the three-month period ended March 31, 2025, would have been \$293,322 and \$100,579, respectively (December 31, 2024 - \$339,404 and \$4,562, respectively).

#### Concentration Risk

During the three-month period ended March 31, 2025, one customer accounted for 38% (March 31, 2024 – three customers for 51%) of revenues from operations.

Two customers accounted for 52% and 13%, respectively (December 31, 2024 – two customers for 37% and 36%, respectively) of the total trade accounts receivable before expected credit loss allowance representing the Company's major credit risk exposure. Credit concentration is determined based on customers representing 10% or more of total revenues and/or total accounts receivable.

#### Credit Risk

Cash is held with major reputable financial institutions.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review could include reviewing external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. In monitoring customer credit risk, customers are identified according to their characteristics such as their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company does not generally require collateral or other security from customers on accounts receivable, however, the contract terms may include the possibility of recourse in the event of late payment. The Company believes that there is no unusual exposure associated with the collection of these receivables.

The credit risk associated with costs and profits in excess of billings on uncompleted contracts is similar to that of accounts receivable, as these amounts are accumulated and converted to accounts receivable as invoicing milestones are reached.

The royalties receivable are due from a company in which the Company has a strategic investment. The Company does not have collateral or other security associated with the collection of this receivable. The carrying amount of the royalties receivable have been discounted to reflect the time value of money and credit risk of the counterparty.

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The deposits are payments made to suppliers and entities from which the Company leases property. The Company does not have collateral or other security associated with the collection of these deposits. As at March 31, 2025 and 2024, no loss allowance has been recognized in connection with these deposits and the maximum exposure is the carrying amount of these deposits.

During the three-month period ended March 31, 2025, and year-end December 31, 2024, provisions for expected credit losses were recorded, however, the accounts provisioned by the loss are still subject to enforcement activity in order to collect the balances due.

### Liquidity and Capital Resources

As at March 31, 2025, the Company had cash of \$0.2 million, included in the net working capital deficiency of \$16.4 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 its access to capital markets it will be able to finance its operations for the foreseeable future.

The Company's term loan balance at March 31, 2025, was \$294,074 and decreased by \$0.01 million since December 31, 2024, due to the net accretion and monthly payments. During the period, the Company fully reimbursed and extinguished the credit facility. The average interest expense on the other term loans and convertible debenture is approximately 10%. The Company does not expect changes to the structure of term loans and convertible debentures in the next twelve-month period.

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.

	Carrying Value	Total contractual amount	Less than one year	2-3 years	4-5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities <sup>(1)</sup>	11,872,343	11,872,343	11,872,343	—	—	—
Term loans	294,047	360,000	90,000	180,000	90,000	—
Balance due on business combination	1,807,011	1,860,020	1,860,020	—	—	—
Lease liabilities	5,646,340	7,168,847	2,725,089	851,156	864,624	2,727,978
Convertible debentures	1,493,320	1,761,000	1,335,000	426,000	—	—
	<b>21,113,061</b>	<b>23,022,210</b>	<b>17,882,452</b>	<b>1,457,156</b>	<b>954,624</b>	<b>2,727,978</b>

<sup>(1)</sup> Accounts payable and accrued liabilities exclude amounts which are not financial liabilities.

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.

### **GOING CONCERN**

These condensed consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is subject to certain risks and uncertainty associated with the achievement of profitable operations such as the successful signing and delivery of contracts and access to adequate financing.

The Company has incurred, in the last years, operating losses and negative cash flows from operations, and as a result, the Company has an accumulated deficit of \$132,825,771 as at March 31, 2025 (\$128,563,782 as at December 31, 2024). Furthermore, there have been unexpected delays in the collection of certain accounts receivable from contracts closed in a prior year. This has resulted in a shortfall in cash flows from operating activities that would be used in funding the Company's operations.

As at March 31, 2025, the Company has working capital deficiency of \$16,703,000 (\$9,216,545 as at December 31, 2024) including cash of \$224,172 (\$2,975,461 as at December 31, 2024). The working capital is net of an allowance for credit losses amounting to \$3,492,000 (\$2,936,000 as at December 31, 2024) as further described in notes 6 and 7. The Company's business plan is dependent upon the successful completion of contracts and also the receipt of payments from certain contracts closed in a prior year and expects these payments to be made during fiscal 2025, as well as the achievement of profitable operations through the signing, completion and delivery of additional contracts or a reduction in certain operating expenses. In the absence of this, the Company is dependent upon raising

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additional funds to finance operations within and beyond the next twelve months. The Company has been successful in securing financing in the past and has relied upon external financing to fund its operations, primarily through the issuance of equity, debt and convertible debentures. The Company completed a private placement in March 2023 for net proceeds of \$4,960,483. In addition, in July 2023, the Company also completed a brokered private placement of convertible debenture units for gross proceeds of \$3,030,000 and in December 2023, the Company also completed a brokered private placement of convertible debenture units for gross proceeds of \$1,250,000. In July 2024, the Company secured gross proceeds of \$2,804,600 from the completion of another private placement. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors, some of which are outside the Company's control, and therefore there is no assurance that it will be able to do so in the future or that these sources will be available to the Company or that they will be available on terms which are acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue operating as a going concern.

The condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and to classifications of the assets and liabilities that might be necessary should the Company be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate, adjustments, which could be material, would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classification of items on the consolidated statement of financial position.

### RELATED PARTY TRANSACTIONS

During the three-month period ended March 31, 2025, and during 2024, the Company concluded the following transactions with related parties:

A balance due to the controlling shareholder and CEO of the Company amounted to \$890,066 at March 31, 2025, (\$597,180 at December 31, 2024) and is included in accounts payable and accrued liabilities.

In May 2024, the President and CEO provided a \$1,000,000 loan to the Company, bearing interest at 10%, with a maximum term of twelve months. The borrower agreed to waive the interest expense if the loan is repaid within sixty days from the loan date. The loan was repaid in July 2024.

In July 2024, the President and CEO, along with close family members, participated in a non-brokered private placement for gross proceeds of \$1,160,000 and \$278,400, respectively. Two directors of the Company also participated for a total amount of \$45,200.

The Key Management Personnel of the Company, in accordance with IAS 24, are the members of the Board of Directors and certain officers. Total compensation to key management consisted of the following:

	Three months ended March 31		Variation
	2025	2024	2025 vs 2024
Salaries - key management	443,691	353,714	89,977
Pension contributions	8,143	6,575	1,568
Fees - Board of Directors	40,600	47,000	(6,400)
Share-based compensation – officers	121,464	188,319	(66,855)
Share-based compensation - Board of Directors	48,002	213,066	(165,064)
Other benefits - key management	152,992	3,934	149,058
<b>Total compensation</b>	<b>814,892</b>	<b>812,608</b>	<b>2,284</b>

### CORPORATE HIGHLIGHTS

On January 20, 2025, the Company announced the receipt of a US\$1.28 million (CA\$1.85 million) payment representing a portion of an outstanding receivable under PyroGenesis' existing CA\$25+ million Drosrite™ contract with Radian Oil and Gas Services Company.

On January 21, 2025, the Company announced the receipt of a US\$730,000 (CA\$1.04 million) payment for engineering and production milestones reached under PyroGenesis' existing CA\$4.1 million contract with an aeronautics and defense industry client.

On January 23, 2025, the Company announced the grant of European Patent EP 2 686 100 B1, titled "Steam Plasma Arc Hydrolysis of Ozone Depleting Substances". This granted patent covers PyroGenesis' cutting-edge process for the highly efficient destruction of ozone depleting substances, such as used refrigerants from end-of-life cooling apparatus.

On January 27, 2025, the Company announced that its subsidiary, Pyro Green-Gas Inc., had signed a contract totaling US\$1.74 million (approx. CA\$2.5 million) with one of the world's largest integrated environmental services companies. The contract, for the design and

# PyroGenesis Inc.

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delivery of gas flaring components, is part of a large urban waste-to-energy project. An initial payment of CA\$400,000 had been received. On February 18, 2025, the Company announced that Pyro Green Gas had signed another contract with the same client in the amount of US\$511,000 (approx. CA \$725,000).

On January 31, 2025, the Company announced that up to 1,710,350 common share purchase warrants were amended. Of the 1,710,350 warrants, 1,520,350 warrants had an exercise price of \$0.75 and 190,000 warrants had an exercise price of \$1.25. Commencing February 17, 2025, the exercise price of the warrants held by holders wishing to participate in this repricing was reduced to \$0.60 per share. These amended warrants expired on March 7, 2025.

On February 3, 2025, the Company announced that its subsidiary, Pyro Green-Gas Inc., had signed a \$1.1 million second contract with the Varennes Carbon Recycling ("VCR") plant, a large biofuel production project currently under construction in Varennes, Quebec. As a result, the overall project contracts with Pyro Green-Gas increase in total to \$3.6 million. On March 21, 2025, the Company announced that Varennes Cellulosic Ethanol LP ("VCE") which is the entity managing the VCR project, filed for protection under the Companies Creditor Arrangement Act ("CCAA") as part of its strategy to address liquidity challenges. This allows VCE to continue operations while seeking financial solutions under court supervision. Pyro Green-Gas has been asked to continue its work on the project and would receive timely payments for contracted goods and services moving forward. Pyro Green-Gas will continue to monitor developments closely and is hopeful that, through the CCAA process, VCE will reach a resolution that ensures the successful continuation of this important initiative.

On February 10, 2025, the Company announced that recent data from a current contract confirms that PyroGenesis plasma torches posted significantly lower operational energy requirements. Savings of up to 45%, when compared to legacy diesel burners, had been obtained in destroying PFAS (often called "forever chemicals"). This new data, combined with other recent results, highlights how a transition from fossil fuels to PyroGenesis plasma torches can generate both significant OPEX and emission reduction advantages.

On February 24, 2025, the Company announced that it had signed a €1.63 million (CA\$2.4 million) contract with aluminium and renewable energy company Norsk Hydro ASA as part of its stated plan to test plasma technology as one of the ways to replace fossil fuel with renewable alternatives in its aluminum casthouses.

On February 27, 2025, the Company announced that the next milestone for the fumed silica reactor pilot plant had been reached, with its successful week-long operation and the production of the first batch of materials. This initial test was designed to evaluate the system's ability to precisely regulate the feedstock thermal profile, encompassing pre-heating, controlled heating rates, and stabilization at target operational parameters required for fumed silica synthesis.

On March 3, 2025, the Company announced that, given intense public speculation and investor requests, PyroGenesis now identifies Boeing as the global aerospace original equipment manufacturer that had previously been unnamed in company press releases. PyroGenesis further confirms that PyroGenesis' Ti64 "coarse" metal powder with a size fraction in the range of 45µm to 150µm, produced by PyroGenesis' NexGen™ plasma atomization system, had met all technical requirements for Boeing, and PyroGenesis continues to move forward in the approved supplier list process.

On March 11, 2025, the Company announced the signing of a memorandum of understanding with GE Vernova's Power Conversion & Storage business. The MOU initiated discussions toward a multi-year strategic collaboration in the development and testing of PyroGenesis technologies that replace fossil fuel combustion in high temperature processes with all-electric plasma torches. This would specifically target multi-megawatt industrial processes of the type required by aluminum and steel producers, or calcination processes such as in the alumina, cement, and quicklime industries.

On May 5, 2025, the Company announced that it had completed a non-brokered private placement consisting of a loan in the amount of up to \$5,750,000 with P. Peter Pascali. Subsequently, on May 12, 2025, the Company announced that the first tranche was successfully closed, and the Company received \$2,385,000. As per the agreement, the Company issued 5,207,423 common share purchase warrants to the lender.

### CRITICAL ACCOUNTING ESTIMATES, NEW AND FUTURE ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

For a discussion of significant accounting policies, judgements, estimates assumptions and financial instruments, please refer to notes 4, 5 and 27 of the 2024 consolidated financial statements.

### CONTROLS AND PROCEDURES

The Company's shares are listed on the Toronto Stock Exchange ("TSX") since November 2020 and, from March 2021 until November 2023, on the NASDAQ. Prior to November 2020, the Company's shares traded on the TSX Venture Exchange ("TSXV"), and all requirements of the TSXV were attained by the Company. The Company acknowledged that being listed on the TSX, and NASDAQ would require more stringent disclosure controls, and started implementing such before the NASDAQ listing.

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As a result of the graduation to the TSX and NASDAQ, the Company became subject to additional requirements under applicable securities laws relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109 and, while its shares were listed on NASDAQ, the applicable rules of the U.S. Securities and Exchange Commission. Such requirements also include the assessment and evaluation of both DC&P and ICFR, which was not required while the Company was listed on the TSXV. Consequently, the Company continues to take several actions to improve its DC&P and ICFR, in accordance with the thresholds provided by the regulators. The Company is currently implementing measures designed to improve its ICFR environment and remediate the control deficiencies that led to the material weaknesses identified below.

In accordance with the provisions of National Instrument 52-109 – Issuers' annual and interim filings ("NI 52-109") adopted by Canadian securities regulators, the Company has filed certificates signed by the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that report on, among other items, i) their responsibility for establishing and maintaining DC&P and ICFR for the Company, ii) the design of DC&P and the design of ICFR, and the effectiveness of DC&P and ICFR.

### Disclosure controls and procedures

The Company under the supervision of the CEO and CFO, have designed DC&P (as defined in NI 52-109), in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others; and
- information required to be disclosed by the Company in its filings, under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As of December 31, 2024, an evaluation was carried out under the supervision of the CEO and CFO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO and CFO concluded that due to the material weaknesses in our ICFR as described below in Management's Annual Report on Internal Controls over Financial Reporting, the Company's DC&P were not effective as of December 31, 2024.

### Management's Annual Report on Internal Controls over Financial Reporting

The Company under the supervision of the CEO and CFO, are responsible to design ICFR (as defined in NI 52-109) in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB.

As of December 31, 2024, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the Company's ICFR. Based on this evaluation, the CEO and the CFO concluded that material weaknesses exist, as described below, and due to these material weaknesses, the Company's ICFR is not effective as of December 31, 2024. The control framework used to design and evaluate effectiveness of the Company's ICFR is established under the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework). A material weakness is a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In connection with the Company's evaluation of ICFR, the following are the control deficiencies that were considered to be material weaknesses in the current quarter and in fiscal 2024 and any remediation that occurred up to March 31, 2025:

Deficiency being remediated by the Company:

- **Complex Spreadsheet Controls:** The Company did not implement and maintain effective controls surrounding certain complex spreadsheets, including addressing all identified risks associated with manual data entry, completeness of data entry, and the accuracy of mathematical formulas, impacting complex spreadsheets used in fixed asset continuity schedules, production and revenue forecasting, and the calculation of the fair value of investments.

The Company has significantly improved the safeguarding of spreadsheets and data, through the addition of various controls, password protections, limiting access, and improved segregation of duties with the objective of reducing the possibility of error. The Company and management are comfortable with the data generated from such spreadsheets but continues to remediate this deficiency to ensure more robust procedures.

Deficiencies no longer considered a material weakness by the Company:

- **Control activities:** The Company did not fully design and implement effective control activities and has identified deficiencies relating to: (i) selecting and developing control activities that contribute to the mitigation of risks to acceptable levels, and (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action.

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The Company affirms that since the beginning of this deficiency and until December 31, 2024, numerous internal controls were added, including compensating controls to mitigate these risks, as well as adding additional levels of review and approval in order to reduce the risk related to control activities thereby improving the quality and reliability of financial information that is prepared and used by management. As a result of these improvements, management no longer considers this to be a material weakness.

- **Control environment:** The Company did not maintain an effective control environment and has identified deficiencies relating to appropriate organizational structure and authority and responsibilities. The Company did not have a sufficient number of trained resources with the appropriate skills and knowledge with assigned responsibilities and accountability for the design and operation of ICFR and for holding individuals accountable for their internal control-related responsibilities.

Prior to December 31, 2024, the Company determined that the appropriate improvements related to the control environment over reporting lines as well as authority, and responsibilities were implemented along with additional internal controls. Oversight and governance of financial reporting and related party transactions was not indicative of a control environment deficiency. The Company has financial reporting resources internally, or at their disposal to ensure they can deal with complex accounting matters, as well as period-end controls to mitigate the risk of misstatement in the financial information. The Company feels it has sufficient resources and segregation of duties and internal controls that this is no longer a material weakness.

- **Journal Entries:** The Company did not effectively design and maintain appropriate segregation of duties and controls over the effective preparation, review and approval, and associated documentation of journal entries, across its ERP platform. The Company did not have adequate review procedures for the recording of manual entries.

The Company has improved their processes to ensure that journal entries are sufficiently reviewed and approved, supporting analysis is also approved and compensating controls exist to ensure the financial information is free of misstatement. Due to the review procedure of journal entries, system access limitations, among other internal controls, the Company no longer considers this to be a material weakness.

- **User Access Controls:** The Company did not maintain effective user access controls to adequately restrict user access to financial applications and related data in accordance with job responsibilities.

Throughout fiscal 2023 and 2024, the Company has continued to implement controls to limit access to financial and non-financial applications, based on employee profile. The Company implemented IT environment best practices for access controls, including prompt changes and access limitation to appropriate users and systematic periodic reviews of account privileges, in addition to increasing the IT department's capabilities. These controls and additional automated access controls are being integrated into the new ERP system with an expected deployment in the upcoming quarters. The new ERP system will also be subject to such internal controls analysis to ensure it adheres to all access controls. The Company is confident that user access controls do not pose a risk of material weaknesses.

As a consequence, the Company did not have complete effective control activities related to the design, implementation and operation of process-level and management review control activities related to order-to-cash (including revenue trade receivables, and billings in excess of cost/cost in excess of billings), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued liabilities), hire-to-pay (including compensation expense and accrued liabilities), long-lived assets, significant unusual transactions, related party transactions and other financial reporting processes for the entire year.

Aside from these material weaknesses, management has concluded that the Company's consolidated financial statements as at and for the three-month period ended March 31, 2025, present fairly, in all material respects, the Company's financial position, results of operations, changes in shareholders' equity and cash flows in accordance with IFRS as issued by the IASB. There were no material adjustments to the Company's consolidated financial statements for the three-month period ended March 31, 2025, and there were no changes to previously released financial results. However, because the deficiencies and material weaknesses create a reasonable possibility that a material misstatement to our consolidated financial statements would not be prevented or detected on a timely basis, the CEO and CFO concluded that as of March 31, 2025, the Company's design and operation of ICFR and DC&P were not effective.

### Management's Ongoing Remediation Measures

During the year ended December 31, 2024, and three-month period ended March 31, 2025, management continues to implement remediation measures as outlined above. Management has performed an initial risk assessment using a top-down, risk-based approach with respect to the risks of material misstatement of the consolidated financial statements. In addition, compensating controls have been applied to the areas where the risks of material misstatement are considered moderate to high, throughout the various accounting cycles. The Company intends to also rely on the use outside resources to strengthen the business process documentation and help with management's self-assessment and testing of internal controls. In 2025, the Company's management, with oversight of the Audit Committee, continues to document, test, and refine internal controls, while adding additional automated controls which be an inherent part of the upgrade to a new ERP system. As a result, the Company will improve the design of control activities and strengthen process controls surrounding sales, purchases, payroll, among others, and will be call for fewer compensating controls.

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Although the Company can give no assurance that additional material weaknesses in our ICFR will not be identified in the future, management believes the foregoing efforts strengthen our ICFR and DC&P and effectively remediate the identified material weaknesses.

Management continues to take remedial actions as necessary as they evaluate and improve the Company's ICFR environment.

### Changes in internal controls over financial reporting

Other than the material weaknesses described above, and the remediation process described above, there were no changes to the Company's ICFR during the three-month period ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

### Limitations on Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management recognizes that any DC&P and ICFR, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because of their inherent limitations, DC&P and ICFR may not prevent or detect all errors or misstatements on a timely basis.

## RISK FACTORS

The Company has identified below certain significant risks relating to the business of the Company and the industry in which it operates. The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also impair the operations of the Company. If any such risks materialize into actual events or circumstances, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks. An investment in Common Shares or other securities of the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below.

Certain factors may have a material adverse effect on the Company's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the 2024 consolidated Financial Statements and the Annual Information Form, particularly under the heading "Risk Factors" in the Annual Information Form, and in other filings that the Company has made and may make in the future with applicable securities authorities, Company's website at [www.pyrogenesis.com](http://www.pyrogenesis.com).

The risks and uncertainties described herein and therein are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently believes are not material, may also become important factors that could adversely affect the Company's business. If any of such risks actually occur, the Company's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the Common Shares (or the value of any other securities of the Company) could decline, and the Company's securityholders could lose part or all of their investment.

### Risks Related to the Company's Business and Industry

#### Operating Income (Loss) and Negative Operating Cash Flow

Prior to March 31, 2025, the Company had a history of losses and negative cash flows. For the three-month period ended March 31, 2025, the Company has a net loss of \$4.3 million, cash flows used in operations of \$2.0 million, and an accumulated deficit of \$132.8 million at March 31, 2025. To the extent that the Company has net losses and negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue, achieve profitable operations, successfully developing and introducing new products and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. External financing, predominantly by the issuance of equity and debt, might be, sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or

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at all. If the Company is unable to obtain sufficient additional financing, it may have to curtail operations and development activities, any of which could harm the business, financial condition and results of operations.

### **Actual Financial Position and Results of Operations May Differ Materially from the Expectations of the Company's Management**

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes in its operating plans and certain delays in the timing of its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

### **Revenue Risks**

PyroGenesis may experience delays in achieving revenues, particularly with plasma gasification projects which have a long sales cycle. Revenues may be delayed or negatively impacted by issues encountered by the Company or its clients including:

- unforeseen engineering and/or environmental problems;
- delays or inability to obtain required financing, licenses, permits and/or regulatory approvals;
- supply interruptions and/or labour disputes;
- foreign exchange fluctuations and/or collection risk; and
- competition from other suppliers and/or alternative energy solutions that are less capital intensive.

There is no assurance that the business will perform as expected or that returns from the business will support the expenditures needed to develop it.

### **Technology Development and Manufacturing Capability Risks**

PyroGenesis recently expanded into new areas of business and, as a result, many of the Company's products are at various stages of the development cycle. The Company may be unable to commercialize such products, or it may be unable to manufacture such products in a commercially viable manner. Whilst management is confident in both its technology and in its team of experienced engineers, scientists and technicians, it cannot know with certainty which of its products will be commercialized, when such products will be commercialized, or whether such products will be able to be manufactured and distributed profitably.

### **Product Revenues/History of Losses**

PyroGenesis has incurred losses in the majority of years since its inception. In the past the Company's operations have not generated sufficient earnings and cash flows to date to result in consistent profitability or positive cash flow. For the three-month ended March 31, 2025, the Company has a net loss of \$4.3 million which includes a loss from the change in value of strategic investment of \$0.7 million and cash flows used in operations of \$2.0 million. There can be no assurance that the Company will be able to continue to generate significant gains from the value of its strategic investments in the future.

### **Additional financing and dilution**

PyroGenesis may require additional financing. There can be no assurance that additional financing will be available to the Company when needed, or on terms acceptable to the Company.

PyroGenesis' inability to raise financing to support ongoing operations or to fund capital expenditures could limit the Company's growth and may have a material adverse effect upon the Company. The Company does not exclude raising additional funds by equity financing.

### **Reliance on Third Party Suppliers, Service Providers, Distributors and Manufacturers**

The Company's direct and indirect suppliers, service providers, distributors and manufacturers may elect, at any time, to breach or otherwise cease to participate in supply, service, distribution or manufacturing agreements, or other relationships, on which the Company's operations rely. Loss of its suppliers, service providers, distributors and manufacturers could have a material adverse effect on the Company's business and operational results. Further, any disruption in the manufacturing process done by third-party manufacturers could have a material adverse effect on the business, financial condition and results of operations of the Company. The

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Company cannot ensure that alternative production capacity would be available in the event of a disruption, or if it would be available, it could be obtained on favorable terms.

### Manufacturing Facilities

The vast majority of the Company's products are manufactured in its manufacturing facilities located in Montreal, Quebec, and third-party facilities located in the United States, India, and Vietnam. Accordingly, the Company is highly dependent on the uninterrupted and efficient operation of these manufacturing facilities. If for any reason the Company is required to discontinue production at these facilities, it could result in significant delays in production of the Company's products and interruption of the Company's sales as it seeks to resume production. The Company may be unable to resume production on a timely basis. If operations at the facilities were to be disrupted as a result of equipment failures, natural disasters, fires, accidents, work stoppages, power outages or other reasons, the Company's business, financial condition and/or results of operations could be materially adversely affected.

### Sales Cycle and Fixed Price Contracts

PyroGenesis' sales cycle is long and the signing of new contracts is subject to delay, over which the Company has little control. The Company also enters into sales contracts with fixed pricing, which may be impacted by changes over the period of implementation. There is no assurance that delays or problems in fulfilling contracts with clients will not adversely affect the Company's activities, operating results or financial position.

### Reliance on Technology

PyroGenesis will depend upon continuous improvements in technology to meet client demands in respect of performance and cost, and to explore additional business opportunities. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet this demand. While management anticipates that the research and development will allow the Company to explore additional business opportunities, there is no guarantee that such business opportunities will be presented or realized. The commercial advantage of the Company will depend to a significant extent on the intellectual property and proprietary technology of PyroGenesis and the ability of the Company to prevent others from copying such proprietary technologies. PyroGenesis currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trade secrets, confidential procedures, contractual provisions, licenses and patents, to protect its proprietary technology. PyroGenesis may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This type of litigation can be expensive and time-consuming, regardless of whether or not the Company is successful. PyroGenesis may seek patents or other similar protections in respect of particular technology; however, there can be no assurance that any future patent applications will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company.

Moreover, the process of seeking patent protection can itself be long and expensive. In the meantime, competitors may develop technologies that are similar or superior to PyroGenesis' technology or design around the patents owned by the Company, thereby adversely affecting the Company's competitive advantage in one or more of its areas of business. Despite the efforts of the Company, its intellectual property rights may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps the Company may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to the Company's operations will prevent misappropriation or infringement of its technology.

### Changes to Contracts

PyroGenesis is dependent upon its ability to establish and develop new relationships and to build on existing relationships with current clients. The Company cannot provide assurance that it will be successful in maintaining or advancing its relationships with current clients or procure additional clients. In addition, PyroGenesis cannot provide assurance that its customers and the end users of its products will continue to provide the Company with business, or that existing customers and end users will not seek to renegotiate or terminate existing contracts providing for the sale of the Company's products and technology based on circumstances on which the Company is not currently aware. Any termination or amendment of a contract under which the Company derives an important portion of its revenues and any adverse change in the relationship of the Company with its customers and end users, will have an adverse effect on the Company's business, financial condition and results of operations.

Sales to governments and governmental entities are subject to specific additional risks, such as delays in funding, termination of contracts or sub-contracts at the convenience of the government, termination, reduction or modification of contracts or sub-contracts in the event of changes in the government's policies or as a result of budgetary constraints and increased or unexpected costs resulting in losses or reduced profits under fixed price contracts.

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### Foreign Exchange Exposure

PyroGenesis' products and services are increasingly being sold in markets outside of Canada, whilst most of its operating expenses and capital expenditures are denominated in Canadian dollars. As a result, the Company is exposed to fluctuations in the foreign exchange rates between Canadian dollar and the currency in which a particular sale is transacted, which may result in foreign exchange losses that could affect earnings. Foreign sales are predominantly denominated in U.S. dollars, as well as the Euro and Indian Rupee. The Company has not to date sought to hedge the risks associated with fluctuations in foreign exchange rates.

### Competition

The industry is competitive and PyroGenesis competes with a substantial number of companies which have greater technical and financial resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company or that new or existing competitors will not enter the various markets in which PyroGenesis is active. There can be no assurance that competitors will not develop new and unknown technologies with which the Company may have difficulty competing. Furthermore, failure to remain cost competitive may result in PyroGenesis losing business to its competitors.

The plasma technology of PyroGenesis competes against other plasma and conventional technologies. Without limitation, the demand for the plasma technology of PyroGenesis, particularly in waste destruction and waste-to-energy systems, can be impacted by the commodity prices of the energy source used for the process and the price at which waste is accepted by landfills and traditional waste processing plants. While the Company believes that demand for sustainable waste management practices that have lower environmental impacts than traditional solutions such as landfill or incineration is increasing, the high flows of electricity necessary to operate the waste destruction and waste-to-energy systems of PyroGenesis have an impact on the operational costs of the Company's systems, and traditional solutions may constitute lower-cost solutions, particularly if commodity prices (including of oil and natural gas) remain low or experience a decline.

### Management and Key Personnel

PyroGenesis depends on the skills and experience of its management team and other key employees. The Company relies heavily on its ability to attract and retain highly skilled personnel in a competitive environment. PyroGenesis may be unable to recruit, retain, and motivate highly skilled employees in order to assist the Company's business, especially activities that are essential to the success of the Company. Failure to recruit and retain highly skilled employees may adversely affect PyroGenesis' business, financial condition, and results of operations.

### Implementation of a strategic plan

PyroGenesis' commercial strategy aims to leverage its products, consumables, and services whilst focusing on the resolution of problems within niche markets within the industries served by the Company. There can be no assurances as to the success of the Company's strategic plan, which should be considered from the risks perspective and difficulties frequently encountered by a developing business.

### Adverse Decisions of Sovereign Governments

PyroGenesis conducts an increasing portion of its business internationally. There is no assurance that any sovereign government, including Canada's, will not establish laws or regulations that will not be detrimental to the Company's interests or that, as a foreign corporation, it will continue to have access to the regulatory agencies in other countries. Governments have, from time to time, established foreign exchange controls, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### Risks Related to International Operations

A substantial portion of the Company's sales are made to customers and end users outside Canada. The Company conducts its international operations directly or through distributors or other agents or intermediaries. The Company plans to continue to expand its international sales and marketing efforts. International operations are subject to a number of inherent risks, and the Company's future results could be adversely affected by a number of factors, including:

- unfavorable political or economic environments; requirements or preferences for domestic products or solutions, which could reduce demand for the Company's products;
- differing existing or future regulatory and certification requirements;
- unexpected legal or regulatory changes;
- greater difficulty in collecting accounts receivable and longer collection periods;
- difficulties in enforcing contracts; an inability to effectively protect intellectual property;

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- tariffs and trade barriers, export regulations and other regulatory and contractual limitations on the Company's ability to sell its products; and
- potentially adverse tax consequences, including multiple and possibly overlapping tax structures.

Without limiting the foregoing, the Company's global operations and reliance on cross-border trade for certain aspects of its business, including the sale and delivery of its products to customers in the United States, could be adversely affected by the imposition of new tariffs, trade restrictions, or other protectionist measures by the U.S. government, or the expansion of existing tariffs. While the Company monitors trade developments closely and evaluates potential mitigation strategies, including alternative sourcing and pricing adjustments, there is no assurance that such measures will fully offset the impact of any new or increased tariffs.

Fluctuations in currency exchange rates could materially adversely affect sales denominated in currencies other than the Canadian dollar and cause a reduction in revenues derived from sales in a particular country. Financial instability in foreign markets could also affect the sale of the Company's products in international jurisdictions. In addition, the Company may be denied access to its end customers as a result of a closing of the borders of the countries in which its products are sold due to economic, legislative, political and military conditions in such countries.

There can be no assurance that such factors will not materially adversely affect the operations, growth prospects and sales of the Company and, consequently, its results of operations. In addition, revenues the Company earns in other jurisdictions may be subject to taxation by more than one jurisdiction, which could materially adversely affect the Company's earnings. Each of these factors could have an adverse effect on the Company's business, financial condition and results of operations.

### Governmental Regulation

PyroGenesis is subject to a variety of federal, provincial, state, local and international laws and regulations relating namely to the environment, health and safety, export controls, currency exchange, labour and employment and taxation. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Failure to comply with these laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions as to future compliance. The Company may be subject to compliance audits by regulatory authorities in the various countries in which it operates.

### Government-funded Defense and Security Programs

Like most companies that supply products and services to governments, government agencies routinely audit and investigate government contractors. These agencies may review the Company's performance under its contracts, business processes, cost structure, and compliance with applicable laws, regulations and standards. The Company's incurred costs for each year are subject to audit by government agencies, which can result in payment demands related to costs they believe should be disallowed. The Company works with governments to assess the merits of claims and where appropriate reserve for amounts disputed. The Company could be required to provide repayments to governments and may have a negative effect on its results of operations.

Contrary to cost-reimbursable contracts, some costs may not be reimbursed or allowed under fixed-price contracts, which may have a negative effect on the Company's results of operations if it experiences costs overruns.

### Environmental Liability

PyroGenesis is subject to various environmental laws and regulations enacted in the jurisdictions in which it operates, which govern the manufacturing, processing, importation, transportation, handling and disposal of certain materials used in the Company's operations. Management believes that it has adequate procedures in place to address compliance with current environmental laws and regulations. Furthermore, management monitors the Company's practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. The Company may have the benefit of insurance maintained by it or the operator, however, the Company may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons. The Company's clients are subject to similar environmental laws and regulations, as well as limits on emissions to the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, the Company cannot predict the nature of the restrictions that may be imposed. The Company may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

### Product Liability and Other Lawsuits

PyroGenesis is subject to a variety of potential product liabilities claims and other lawsuits related with its operations, including liabilities and expenses associated with product defects. The Company maintains product liability and other insurance coverage that management

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believes is generally in accordance with the market practice in its industry, but there can be no assurance that the Company will always be adequately insured against all such potential liabilities.

A malfunction or the inadequate design of the Company's products could result in product liability or other tort claims. Accidents involving the Company's products could lead to personal injury or physical damage. Any liability for damages resulting from malfunctions could be substantial and could materially adversely affect the Company's business and results of operations. In addition, a well-publicized actual or perceived problem could adversely affect the market's perception of the Company's products. This could result in a decline in demand for the Company's products, which would materially adversely affect the Company's financial condition and results of operations.

The sale and use of products and processes developed by the Company may entail potential liability and possible warranty claims. The Company may be subject to personal injury claims for injuries resulting from use of its products. Although the Company maintains product liability insurance, there can be no assurance that such insurance will continue to be available on commercially reasonable terms or that the risks covered, or coverage amounts will be sufficient to cover all claims.

### Information systems disruptions

The Company relies on various information technology systems to manage its operations. Over the last several years, the Company has implemented, and it continues to implement, modifications and upgrades to such systems, including changes to legacy systems, replacing legacy systems with successor systems with new functionality, and acquiring new systems with new functionality. These types of activities subject the Company to inherent costs and risks associated with replacing and changing these systems, including impairment of the Company's ability to fulfill customer orders, potential disruption of its internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems into the Company's current systems. These implementations, modifications, and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, the difficulties with implementing new technology systems may cause disruptions in the Company's business operations and have a material adverse effect on its business, financial condition, or results of operations.

### Security Breaches

As part of its day-to-day business, the Company stores its data and certain data about its customers in its global information technology system. Unauthorized access to the Company's data, including any regarding its customers, could expose the Company to a risk of loss of this information, loss of business, litigation and possible liability. These security measures may be breached by intentional misconduct by computer hackers, as a result of third-party action, employee error, malfeasance or otherwise. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords, or other information in order to gain access to the data of the Company's customers or the Company's data, including the Company's intellectual property and other confidential business information, or the Company's information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach could result in a loss of confidence by the Company's customers, damage its reputation, disrupt its business, lead to legal liability and negatively impact its future sales.

### Public Health Crises

Public health crises, including local, regional, national or international outbreak of a contagious disease, could have an adverse effect on local economies, the global economy, and the markets in which the Company operates and markets its products, and may adversely impact the price and demand for the Company's products and the ability of the Company to operate and market its products. Any such alterations or modifications could cause substantial interruption to the Company's business, any of which could have a material adverse effect on the Company's operations or financial results, and could include temporary closures of one or more of the Company's or its partner's offices or facilities; temporary or long-term labor shortages; temporary or long-term adverse impacts on the Company's supply chain and distribution channels; the potential of increased network vulnerability and risk of data loss resulting from increased use of remote access and removal of data from the Company's facilities.

### Litigation and Administrative Proceedings

The Company may from time to time become party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand. A summary of certain important legal proceedings is contained in the Company's Annual Information Form under the heading "Legal Proceedings".

# PyroGenesis Inc.

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(Unaudited)

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As previously announced by the Company (see Press Release dated August 31, 2023), in August 2023, the Autorité des marchés financiers (the "AMF") initiated administrative proceedings against Mr. P. Peter Pascali, President and CEO, Mr. Alan Curleigh, Chair of the Board of Directors, and the Company with the Tribunal administratif des marchés financiers. The allegations largely relate to a series of connected transactions that occurred in 2018. The administrative penalty sought by the AMF and attributable to the Company is \$550,000. The Company remains of the view that the AMF's allegations are without merit, and, like Mr. Pascali and Mr. Curleigh, the Company looks forward to having the opportunity to defend itself, and be vindicated, before the tribunal. Further details are contained in the Annual Information Form.

### Trade Secrets May Be Difficult to Protect

The Company's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because the Company operates in a highly competitive industry, it relies in part on trade secrets to protect its proprietary products and processes. However, trade secrets are difficult to protect. The Company generally enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by the Company during the course of the receiving party's relationship with the Company. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Company will be its exclusive property, and the Company enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to the Company. The Company's trade secrets could also be independently discovered by competitors, in which case the Company would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Company's trade secrets could be difficult, expensive and time-consuming and the outcome could be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Company's competitive position.

### Risks Related to Acquiring Companies

The Company may acquire other companies in the future and there are risks inherent in any such acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits from such acquisitions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's securities. The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration of its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on the management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

### Global Economic Uncertainty

Demand for the Company's products and services are influenced by general economic and consumer trends beyond the Company's control. There can be no assurance that the Company's business and corresponding financial performance will not be adversely affected by general economic or consumer trends. In particular, global economic conditions are still tight, and if such conditions continue, recur or worsen, there can be no assurance that they will not have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, such economic conditions have produced downward pressure on stock prices and on the availability of credit for financial institutions and corporations. If these levels of market disruption and volatility continue, the Company might experience reductions in business activity, increased funding costs and funding pressures, as applicable, a decrease in the market price of the Common Shares, a decrease in asset values, additional write-downs and impairment charges and lower profitability.

### Inability to Renew Leases

The Company may be unable to renew or maintain its leases (commercial or real property) on commercially acceptable terms or at all. An inability to renew its leases, or a renewal of its leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may have an adverse impact on the Company's operations, including disruption of its operations or an increase in its cost of operations. In addition, in the event of non-renewal of any of the Company's leases, the Company may be unable to locate suitable

# PyroGenesis Inc.

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replacement properties for its facilities or it may experience delays in relocation that could lead to a disruption in its operations. Any disruption in the Company's operations could have an adverse effect on its financial condition and results of operations.

### Financial Reporting and Other Public Issuer Requirements

As a public company, the Company is subject to the reporting requirements of the Canadian Securities Administrators, or the CSA, and the rules and regulations of the listing standards of the TSX and OTCQX Best Market. The requirements of these laws, rules and regulations have increased and will continue to increase the Company's legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on the Company's personnel, systems, and resources. The Company is continuing to develop and refine its disclosure controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it will file with the CSA is recorded, processed, summarized, and reported within the time periods specified in CSA rules and forms and that information required to be disclosed in reports under applicable securities laws is accumulated and communicated to the Company's principal executive and financial officers. The Company is also continuing to improve its internal control over financial reporting. In order to improve the effectiveness of its disclosure controls and procedures and internal control over financial reporting, the Company has expended, and anticipate that it will continue to expend, significant resources, including accounting-related costs and significant management oversight.

The Company has identified certain material weaknesses in its internal controls, as more fully explained under the above section "Disclosure Controls and Procedures". Additional weaknesses in the Company's disclosure controls and internal control over financial reporting may also be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm the Company's results of operations or cause the Company to fail to meet its reporting obligations and may result in a restatement of the Company's consolidated financial statements for prior periods. Any failure to improve and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of the Company's internal control over financial reporting that the Company will eventually be required to include in its periodic reports that will be filed with the CSA. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial and other information, which could have a negative effect on the trading price of the Common Shares. In addition, if the Company is unable to continue to meet these requirements, it may not be able to remain listed on the TSX, among others.

### Influence of the Significant Shareholders

To the Company's knowledge, no shareholder beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to the Company's outstanding voting securities, except for Mr. Photis Peter Pascali, President and Chief Executive Officer of the Company, who holds or controls, directly or indirectly, 79,306,081 Common Shares, representing in aggregate 42.48% of the total voting rights attached to the outstanding Common Shares, and 9,282,423 share purchase warrants and options to acquire an additional 4,820,000 Common Shares (increasing the total number of Common Shares held or controlled, directly or indirectly, by him to 93,408,504 Common Shares, or 44.04% of the Common Shares, on a fully diluted basis). He also indirectly holds convertible debentures issued by the Company as part of the Company's July 2023 offering and controls the lending party of the convertible loan executed in December 2023 (refer to note 20 of the 2023 consolidated financial statements). In addition, from time to time, the Company may have other shareholders who have the ability to exercise significant influence over matters submitted to the shareholders of the Company for approval, whether subject to approval by a majority of the shareholders of the Company or subject to a class vote or special resolution.

### Joint Venture/Partnership Arrangements

The Company may participate in joint ventures and partnerships with third parties. A joint venture or partnership arrangement involves certain additional risks including: (i) the possibility that a partner may at any time have economic or business interests or goals that are inconsistent with those of the Company or take actions contrary to the instructions or requests of the Company or contrary to the Company's objectives; (ii) the risk that the partner could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on the Company; and (iii) the need to obtain the partner's consent with respect to certain major decisions. In addition, the sale or transfer of an interest in joint ventures and partnerships will generally be subject to rights of first refusal or first offer and certain other joint venture or partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when the Company may not desire the sale but may be forced to do so because it does not then have the financial resources with which to purchase the other parties' interests. The terms of any joint venture or partnership arrangement may not allow the Company to realize anticipated benefits and may adversely affect the Company and its business.

### Limited Control Over the Company's Operations

Holders of the Common Shares have limited control over changes in the Company's policies and operations, which increases the uncertainty and risks of an investment in the Company. The Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders of the Company. Generally, the Board may amend or revise these and other policies without a vote of the holders of the Common Shares. The Board's broad discretion in setting policies and the limited

# PyroGenesis Inc.

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ability of holders of the Common Shares to exert control over those policies increases the uncertainty and risks of an investment in the Company.

### Change in Tax Laws

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to the Company. These enactments and events could require the Company to pay additional tax amounts on a prospective or retroactive basis, thereby substantially increasing the amount of taxes the Company is liable to pay in the relevant tax jurisdictions. Accordingly, these events could decrease the capital that the Company has available to operate its business. Any or all of these events could harm the business and financial performance of the Company.

### Forward-Looking Information

The forward-looking information included in this MD&A relating to, among other things, the Company's future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which it operates and the other statements listed are based on opinions, assumptions and estimates made by the Company's management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Company's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. The Company makes no representation that its actual results in the future will be the same, in whole or in part, as those included in this MD&A.

### Credit Facilities

The Company's credit facilities and financing agreements mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favourable terms to the Company. The Company's ability to continue operating may be adversely affected if the Company is not able to renew its credit facilities or arrange refinancing, or if such renewal or refinancing, as the case may be, occurs on terms materially less favorable to the Company than at present. The Company's current credit facilities and financing agreements have no imposed financial covenants and obligations on the Company. In the event of the contrary, there is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations, which could result in the lenders realizing on their security and causing our shareholders to lose some or all of their investment.

### Risks Related to the Company's Securities

#### Potential Volatility of Common Share Price

The market price of the Common Shares could be subject to significant fluctuations. Some of the factors that may cause the market price of the Common Shares to fluctuate include:

- the public's reaction to the Company's press releases, announcements and filings with regulatory authorities and those of its competitors;
- fluctuations in broader stock market prices and volumes;
- changes in market valuations of similar companies;
- investor perception of the Company, its prospects or the industry in general;
- additions or departures of key personnel;
- commencement of or involvement in litigation;
- announcements by the Company or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in the Company's quarterly results of operations or cash flows or those of other comparable companies;
- revenues and operating results failing to meet the expectations of securities analysts or investors in particular quarter;
- changes in the Company's pricing policies or the pricing policies of its competitors;

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- future issuances and sales of Common Shares;
- sales of Common Shares by insiders of the Company;
- third party disclosure of significant short positions;
- demand for and trading volume of Common Shares;
- changes in securities analysts' recommendations and their estimates of the Company's financial performance;
- short-term fluctuation in stock price caused by changes in general conditions in the domestic and worldwide economies or financial markets; and
- the other risk factors described under this heading of the MD&A.

The realization of any of these risks and other factors beyond the Company's control could cause the market price of the Common Shares to decline significantly.

In addition, broad market and industry factors may harm the market price of the Common Shares. Hence, the price of the Common Shares could fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations could materially reduce the price of the Common Shares regardless of the Company's operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If the Company were involved in any similar litigation, it could incur substantial costs, management's attention and resources could be diverted and it could harm the Company's business, operating results and financial condition.

### Market Liquidity

The market price for the Common Shares could be subject to wide fluctuations. Factors such as the announcement of significant contracts, technological innovations, new commercial products, patents, a change in regulations, quarterly financial results, future sales of Common Shares by the Company or current shareholders, and many other factors could have considerable repercussions on the price of the Common Shares. In addition, the financial markets may experience significant price and value fluctuations that affect the market prices of equity securities of companies that sometimes are unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally may adversely affect the market price of the Common Shares.

### Dividends to Shareholders

The Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company currently intends to retain all future earnings to fund the development and growth of its business. Any payment of future dividends will be at the discretion of the directors and will depend on, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends, and other considerations that the directors deem relevant.

### Impact of Future Sales by Existing Shareholders

If the Company's shareholders sell substantial amounts of the Common Shares in the public market, the market price of the Common Shares could decrease. The perception among investors that these sales will occur could also produce this effect. All currently outstanding Common Shares other than those subject to lock-up agreements executed by certain existing shareholders will, subject to applicable securities laws, generally be immediately available for resale in the public markets.

Subject to compliance with applicable securities laws, the Company's officers, directors and their affiliates may sell some or all of their Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's officers, directors and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares.

Additional Common Shares issuable upon the exercise of stock options may also be available for sale in the public market, which may also cause the market price of the Common Shares to fall. Accordingly, if substantial amounts of Common Shares are sold in the public market, the market price could fall.

# PyroGenesis Inc.

## Management's Discussion and Analysis

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(Unaudited)

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### Working Capital and Future Issuances

The Company may issue additional Common Shares in the future which may dilute a shareholder's holdings in the Company. The Articles permit the issuance of an unlimited number of Common Shares, and shareholders of the Company will have no pre-emptive rights in connection with any further issuances. The directors of the Company have the discretion to determine the provisions attaching to the Common Shares and the price and the terms of issue of further Common Shares.

Additional equity financing may be dilutive to holders of Common Shares. Debt financing may involve restrictions on the Company's financing and operating activities. Debt financing may be convertible into other securities of the Company which may result in immediate or resulting dilution. In either case, additional financing may not be available to the Company on acceptable terms or at all. If the Company is unable to raise additional funds as needed, the scope of its operations or growth may be reduced and, as a result, the Company may be unable to fulfill its long-term goals. In this case, investors may lose all or part of their investment. Any default under such debt instruments could have a material adverse effect on the Company, its business or the results of operations.

### Securities or Industry Analysts

The trading market for Common Shares could be influenced by the research and reports that industry and/or securities analysts may publish about the Company, its business, the market or competitors. If any of the analysts who may cover the Company's business change their recommendation regarding the Common Shares adversely, or provide more favourable relative recommendations about its competitors, the share price would likely decline. If any analyst who may cover the Company's business were to cease coverage or fail to regularly publish reports on the Company, it could lose visibility in the financial markets, which in turn could cause the share price or trading volume to decline.

### Risks Related to the Company's Previous Status as a Foreign Private Issuer

#### Information Publicly Available to the Company's U.S. Shareholders Prior to its Voluntary Delisting

Until its voluntary delisting from NASDAQ in November 2023, the Company was a foreign private issuer under applicable U.S. federal securities laws. As a result, the Company did not file the same reports that a U.S. domestic issuer would file with the U.S. Securities and Exchange Commission (the "SEC"), although the Company was required to file with or furnish to the SEC the continuous disclosure documents that the Company was required to file in Canada under Canadian Securities Laws, in certain respects the reporting obligations are less detailed and less frequent than those of U.S. domestic reporting companies. In addition, the Company's officers, directors and principal shareholders were exempt from the reporting and short-swing profit recovery provisions of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Therefore, the Company's shareholders may not have known on as timely a basis when the Company's officers, directors and principal shareholders purchased or sold Common Shares as the reporting periods under the corresponding Canadian insider reporting requirements are longer.

While a foreign private issuer the Company was exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. The Company was also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While the Company complied with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders would not have received the same information at the same time as such information would have been provided by U.S. domestic companies. In addition, the Company was not necessarily required under the Exchange Act to file annual and quarterly reports with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act.

In addition, as a foreign private issuer, the Company had the option to follow certain Canadian corporate governance practices, except to the extent that such laws would be contrary to U.S. securities laws, and provided that the Company disclosed the requirements it was not following and described the Canadian practices it followed instead. Until its voluntary delisting from NASDAQ, the Company relied on this exemption. As a result, the Company's shareholders would not have had the same protections afforded to shareholders of U.S. domestic companies that are subject to all U.S. corporate governance requirements.

### Inability for U.S. Investors to Enforce Certain Judgments

The Company is a corporation existing under the Canada Business Corporations Act. A number of the Company's directors and officers are residents of Canada, and substantially all of the Company's assets are located outside the United States. As a result, it may be difficult to effect service within the United States upon the Company or upon its directors and officers. Execution by United States courts of any judgment obtained against the Company or any of the Company's directors or officers in United States courts may be limited to the assets of such companies or such persons, as the case may be, located in the United States. It may also be difficult for holders of securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon civil liability and the civil liability of the Company's directors and executive officers under the United States federal securities laws. The Company has been advised that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws or the securities or

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“blue sky” laws of any state within the United States, would likely be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. However, there may be doubt as to the enforceability in Canada against these non-U.S. entities or their controlling persons, directors and officers who are not residents of the United States, in original actions or in actions for enforcement of judgments of courts of the United States, of liabilities predicated solely upon U.S. federal or state securities laws.

### Risk Factors for the quarter ending June 30, 2025

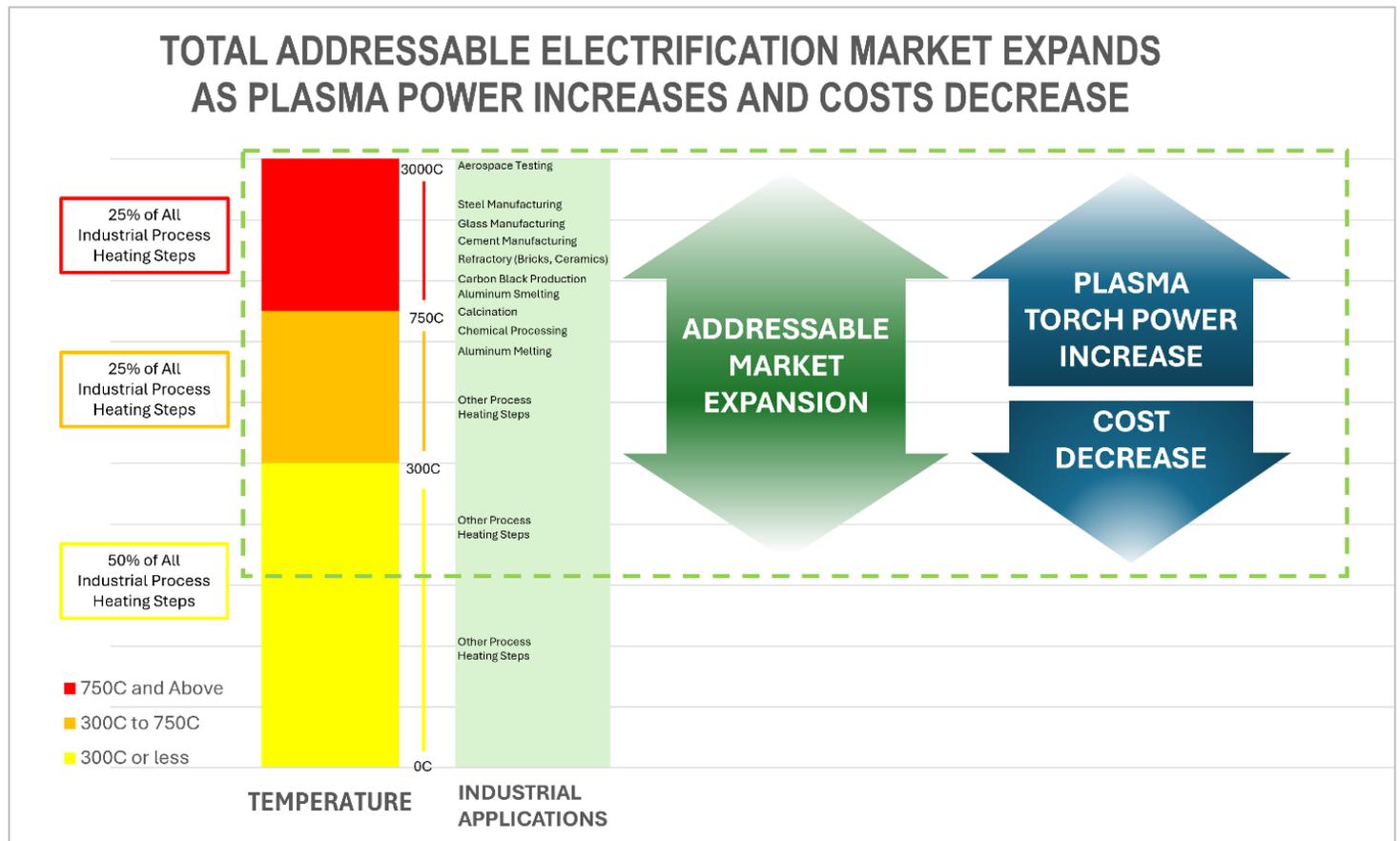
In the second quarter of 2025, the Company will not discuss and disclose the complete Risk Factors in this Management Discussion and Analysis document. The Company will make reference to the 2024 annual Management Discussion and Analysis.

### RECENT DEVELOPMENTS AND OUTLOOK

The Company believes that as the Company’s broad range of solutions advance toward commercialization, and as performance improvements continues in the quarters and years ahead, the effect will be two-fold:

1. higher power plasma torches open doors to more intensive applications and higher heat industries
2. lower costs from higher efficiency and lower CAPEX brings less-intensive applications in smaller industries, and smaller customers, into view.

As a result, the total addressable market for the Company’s offering may expand at both the high and low ends, as demonstrated in the graph below:



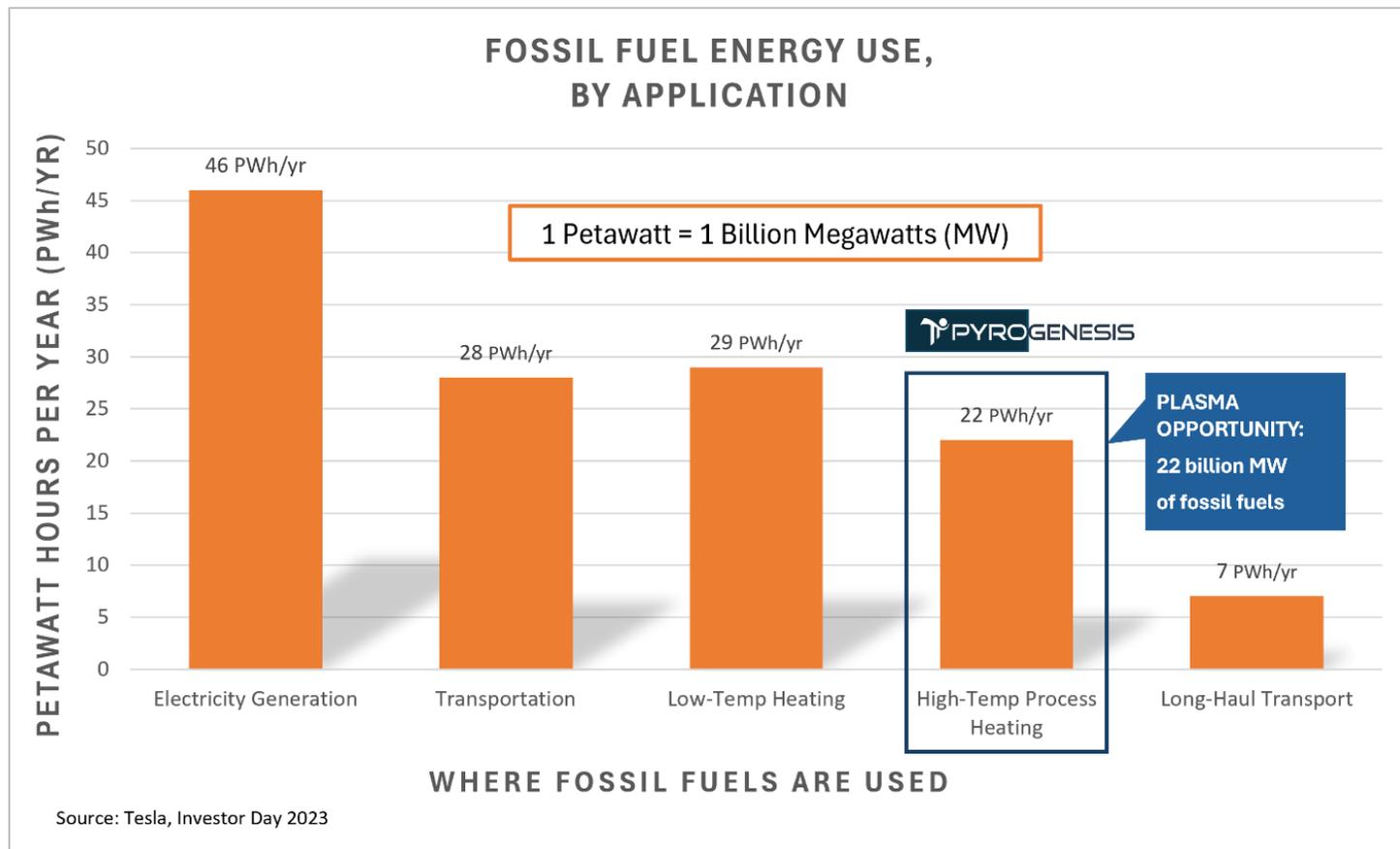
# PyroGenesis Inc.

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For perspective, fossil fuels used in industrial process heating – PyroGenesis' target market – account for approximately 17% of the fossil fuels used globally, an amount equivalent to 22 billion megawatts of power:



The Company expects future technology improvements may continue to drive down costs and improve project economics for current and potential customers. With more comprehensive business cases possible, and with energy savings, efficiency gains, and lower costs now a proven part of the equation to complement CO<sub>2</sub> reduction in the suite of advantages, the possibilities for future market expansion and sales opportunities become clearer:

**Now:** aluminum, military, specialty manufacturing, clean technology, waste destruction

**New:** steelmaking, aerospace

**Next:** mass manufacturing / production, chemical, glass, calcination, cement.

The information below represents important highlights from the past quarter, followed by an outline of the company's strategy and outlook for the remainder of 2025.

### Q1 2025 PRODUCTION AND SALES HIGHLIGHTS

The Company operates primarily within three business verticals that align with economic drivers that are key to global heavy industry:

#### 1. Energy Transition & Emission Reduction:

- where fuel switching to PyroGenesis' electric-powered plasma torches helps heavy industry reduce energy costs, fossil fuel use, and emissions,

#### 2. Commodity Security & Optimization:

- where the development of advanced material production techniques, and the use of technology such as plasma to recover viable metals, chemicals, and minerals from industrial waste, helps to maximize raw materials and improve the availability of critical minerals,

# PyroGenesis Inc.

## Management’s Discussion and Analysis

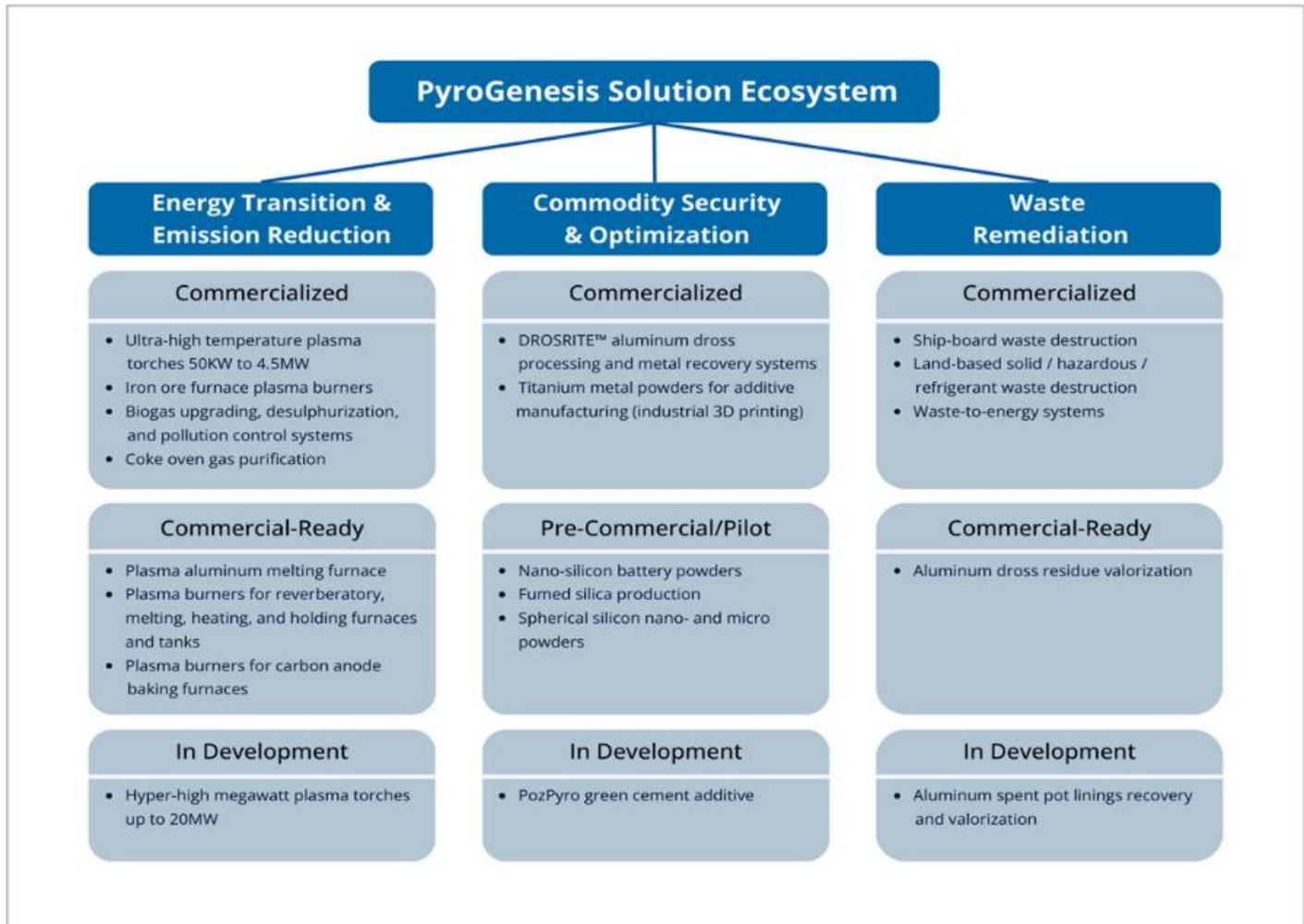
For the three-month periods ended March 31, 2025, and 2024

(Unaudited)

### 3. Waste Remediation:

- safe destruction of hazardous materials, and the recovery and valorization of underlying substances such as chemicals and minerals.

Within each vertical the Company offers a selection of solutions at different stages of commercialization:



The information below represents highlights from the past quarter for each of the Company’s main business verticals.

### Energy Transition & Emission Reduction

- **In January** [news release dated January 27, 2025], the Company announced that its subsidiary Pyro Green-Gas had signed a contract valued at \$2.5 million with one of the world’s largest integrated environmental services companies as part of a large urban waste-to-energy project. The multi-national, multi-billion-dollar revenue client provides services to public utilities in dozens of countries worldwide. The contract is for the engineering, design, and delivery of components related to gas “flaring”, that provides for the safe and environmentally friendly removal of peripheral emissions considered unworthy of processing during the production of renewable natural gas (“RNG”). The technology will be installed at a large US-based organic waste-to-RNG facility, which was built to produce pipeline-quality natural gas that can be added to the natural gas supply for a major U.S. metropolitan area.

A second contract with this same client was announced in February [news release dated February 18, 2025], for engineering, design, fabrication, and delivery of a large array of components related to biogas cleaning and purification at the same project location. For this project, Pyro Green-Gas will be supplying components known as condensate pots that will be strategically placed within the biogas production infrastructure to collect and separate water from the biogas.

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- **In February** [news release dated February 3, 2025], the Company announced that its subsidiary Pyro Green-Gas had signed a \$1.1 million second contract with the Varennes Carbon Recycling ("VCR") plant, a large biofuel production project currently under construction in Varennes, Quebec. This contract expanded on a previous contract from June 11, 2024, whereby the Company was contracted to engineer, design, and fabricate a thermal swing adsorption system for the dehydration of pure oxygen produced from electrolyzers at the VCR plant. Under the terms of the new project, the Company will provide additional engineering, technology services and equipment related to a nitrogen loop system, whereby nitrogen would be fed into the system to regenerate the system. Together, this would target the necessary requirement and quality of the eventual product gas. As a result, the overall project contracts with Pyro Green-Gas increased in total to \$3.6 million.

Important note related to the above: the Company provided an update on this project [news release dated March 21, 2025] after the entity managing the VCR project filed for protection under the Companies' Creditors Arrangement Act ("CCAA") as part of its strategy to address liquidity challenges. This legal process allows VCR to continue operations while seeking financial restructuring solutions under court supervision. The CCAA proceedings for VCR explicitly recognized PyroGenesis as a key supplier to the project, and as outlined in recent communications from VCR, PyroGenesis has been asked to continue its work on the project and would receive timely payments for contracted goods and services moving forward. PyroGenesis will continue to monitor developments closely and is hopeful that, through the CCAA process, VCR will reach a resolution that ensures the successful continuation of this important initiative.

- **In February** [news release dated February 10, 2025], the Company announced that operational data from the Company's plasma torches used in 2024 for the destruction of 300 tonnes of PFAS "forever chemical"-contaminated materials as part of a project funded by the U.S. Department of Defense, along with data from other furnace test installations conducted in 2024, confirmed a reduction in energy requirements for plasma torches by up to 45% compared to fossil fuel burners. The furnace tests also revealed up to 30% reduction in metal melting time, and up to 80% energy reduction for casting ladle heating, among other results.
- **In February** [news release dated February 24, 2025], the Company announced it was the winner of a tendered bid process (previously noted in an earlier Outlook) and was awarded a contract for approximately \$2,400,000 with Norsk Hydro ASA ("Hydro"), a Norway-based aluminum and renewable energy company founded in 1905 that is often considered one of the most respected and influential leaders in heavy industry. Since entering the aluminium business in the 1960s, Hydro has become one of the largest aluminum producers in the world, with 32,000 employees across operations in 42 countries. The company posted 2024 revenues of US\$18.3 billion. Hydro intends to replace fossil fuel burners with PyroGenesis' plasma torches to test melt aluminum in Hydro's R&D casthouse at Sunndal Norway (the largest and most modern primary aluminum plant in Europe). Hydro's stated eventual goal is to eliminate the use of fossil fuels across the entire aluminum value chain. The project is expected to commence in the near term; the initial payment was received during Q2 2025.
- **In March** [news release dated March 11, 2025] the Company announced a memorandum of understanding (MOU) that outlines a co-venture between PyroGenesis and the Power Conversion division of GE Vernova. The Company previously noted in an earlier Outlook that it was in negotiations with a large global manufacturer of energy equipment to co-venture with PyroGenesis on the electrification of third-party furnaces; the co-venture with GE Vernova is the result of those negotiations. The MOU initiates discussions toward a multi-year strategic collaboration in the development and testing of PyroGenesis technologies that replace fossil fuel combustion in high temperature processes with all-electric plasma torches, specifically targeting multi-megawatt industrial processes of the type required by aluminum and steel producers, or calcination processes such as in the alumina, cement, and quicklime industries.

Phase 1 of the collaboration is to conclude a study (already commenced) for the implementation and retrofit using PyroGenesis plasma torches and GE Vernova's supporting electrical infrastructure, for a large facility in the iron ore pellet industry. Phase 2 of the collaboration will similarly include the preparation of a study for the implementation and retrofit using PyroGenesis plasma torches and GE Vernova's supporting electrical infrastructure, for a primary aluminum smelter casthouse.

### Commodity Security & Optimization

- The Company previously noted in earlier Outlooks that the Company's client HPQ Polvere (a wholly owned subsidiary of HPQ Silicon Inc.), had announced the successful completion of commissioning of the Fumed Silica Reactor (FSR) pilot plant that PyroGenesis has been designing, engineering, and constructing to convert quartz into fumed silica in a single and eco-friendly step. At that time, the pilot plant had commenced pre-commercial production tests of fumed silica.

Subsequently, **in February** [news release dated February 27, 2025], PyroGenesis announced the successful production of the first batch of materials from a week-long operation of the pilot plant. The material produced was visually analyzed and confirmed to be consistent with material seen in the previous lab-scale size plant. Analysis was scheduled to be conducted at an independent laboratory, to verify structural and chemical properties with more quantitative data, and to validate product quality, all of which will be used for next step process optimization related to further tests. The results of those tests are expected in the near term, with commercial samples scheduled to be sent to key parties such as Evonik (under the terms of an existing letter of

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intent, or "LOI") and others under NDA in the period to follow. The objective of HPQ Polvere's LOI with Evonik is to outline the basis of collaboration during the FSR pilot scale phase with the goal to validate the ability of the FSR to produce low-cost, low-carbon material acceptable to Evonik's specifications. Evonik is a global specialty chemicals company that manufactures a wide range of high-performance materials and is one of the world's leading producers of fumed silica. PyroGenesis previously announced in a press release dated May 30, 2024, its intent to exercise its right to convert its annual royalty rights into a 50% ownership stake of HPQ Polvere pursuant to a design and development agreement.

- **In March** [news release dated March 03, 2025], the Company identified Boeing as the customer for whom a multi-year product certification process is being conducted related to titanium metal powder produced by PyroGenesis' NexGen plasma atomization process. The Company also stated that all technical requirements for titanium coarse metal powder have been met by PyroGenesis NexGen plasma atomized powder for Boeing, and that PyroGenesis continues to move forward in the approved supplier list process, with an expectation of being formally added to Boeing's supplier list in the near term.
- **In March** [news release dated March 4, 2025], the Company released 2024 performance data for its NexGen™ plasma atomized metal powder production system, demonstrating increased yields of titanium metal powder up to 33-50%, increased operational uptime of more than 25%, and costs reduced by approximately 20%.

### Waste Remediation

- **In January** [news release dated January 23, 2025], the Company announced the granting of European Patent EP 2 686 100 B1, titled "Steam Plasma Arc Hydrolysis of Ozone Depleting Substances", which covers PyroGenesis' cutting-edge process for the highly efficient destruction of ozone depleting substances, such as used refrigerants from end-of-life cooling apparatus. This European patent complements PyroGenesis' U.S. Patent No. 11,116,069, granted in September 2021, strengthening PyroGenesis' SPARC™ technology that specifically targets the destruction of end-of-life (EOL) refrigerants such as CFCs, HCFCs, and HFCs, which are known for their high global warming potential (GWP). EOL refrigerants are potent greenhouse gases with a GWP that can be thousands of times greater than carbon dioxide (CO<sub>2</sub>).

It was also announced as part of this news release that PyroGenesis had signed a contract for €156,000 (CA\$234,000) with a European Research Center developing a process to convert hydrocarbons, including methane, into other high value chemicals. The client, a major research and innovation lab in Northwestern Europe, contracted PyroGenesis to manufacture and designs a 50-kW methane plasma torch as the next step to the system previously purchased by the customer [news release dated February 7, 2022].

### **Q1 Financial Highlights**

- **In January** [news release dated January 20, 2025], the Company received a payment of approximately \$1,850,000, representing a portion of an outstanding receivable under PyroGenesis' existing \$25,000,000 Drosrite contract with Raidan Oil and Gas Services Company.
- **In January** [news release dated January 21, 2025], the Company received a payment of approximately \$1,040,000 under PyroGenesis' existing \$4,100,000 contract with a U.S. aeronautics and defense client for a 4.5MW plasma torch
- **In January** [news release dated January 31, 2025], the Company announced that up to 1,710,350 common share purchase warrants (the "Warrants") would be amended. Of the 1,710,350 Warrants, 1,520,350 Warrants had an exercise price of \$0.75 and 190,000 Warrants had an exercise price of \$1.25. The Warrants would expire on March 7, 2025. Commencing on February 17, 2025, the exercise price of the Warrants held by holders wishing to participate in this repricing would be reduced to \$0.60 per share. The warrant certificates would also be amended to reflect the recent change in PyroGenesis' corporate name and address. All other terms of the Warrants will remain unchanged. None of the holders of Warrants that were to be amended are insiders of the Company.
- **In March** [news release dated March 31, 2025], the Company announced 2024 Q4 and full-year results: quarterly revenue of \$4.22 million, up 40% year-over-year; quarterly net income of \$145,320; full year revenue of \$15.7 million, up 27% year-over-year; backlog of \$54.4 million.

### **Q1 Operational Highlights**

- **In February** [news release dated February 4, 2025], the Company provided comments in response to investor questions about the impact from the recent trade policy disagreements between the U.S. and Canada, specifically with regards to potential U.S. tariffs imposed on Canadian products. Management is of the opinion that tariffs will have little to no direct negative impact on PyroGenesis' bottom line. The Company manufactures and assembles many of its key systems and components outside of Canada, including its Drosrite™ aluminum metal dross recovery systems, which are manufactured in the U.S. Additionally, outside of clients in the U.S. defense sector, the bulk of the company's current and prospective clients are located outside of the

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United States, specifically in Europe, Canada, and the Middle East, and the majority of the Company's contracts are denominated in US Dollars or Euros.

### 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 2025.

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

PyroGenesis provides technology solutions to heavy industry that leverage the Company's expertise in ultra-high temperature processes. The Company has evolved from its early beginnings as a specialty-engineering firm to being a provider of a robust technology eco-system for heavy industry that helps address key strategic goals.

The Company believes its strategy to be timely, as multiple heavy industries are committing to major electrification, carbon reduction, and waste reduction programs at the same time as many governments are increasingly supportive – from both a policy and financial perspective – of environmental technologies and infrastructure projects. Additionally, both industry and government are developing strategies to ensure the availability of critical minerals 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 in the section "Q1 2025 Production and Sales Highlights", 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 heavy industry goals.

PyroGenesis' market opportunity is significant, as major industries such as aluminum, steelmaking, manufacturing, cement, chemicals, defense, aeronautics, and government seek factory-ready, technology-based solutions to help steer through the challenging landscape of increasing demand, tightening regulations, and material availability.

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.

#### Key Performance Indicators

The Company uses key performance indicators (KPIs) to monitor, analyze, and optimize organizational output and performance, with KPIs specific to different parts of its production and manufacturing (such as cycle time, capacity utilization, yield, changeover time, and scrap), plus a different set of KPIs designed to evaluate the broader corporate results and uptake, identify trends affecting the business, and make strategic decisions. This latter category of KPIs includes:

**Industry Depth:** number of customers within an industry and/or amount and % of revenue from that industry. To date, the Company's greatest depth has been with the aluminum, military, and government industries.

**New Industry Engagement:** as the energy transition and carbon/GHG-reduction trends grow, more industries are realizing the benefit of using PyroGenesis' technology. Over the past five years the Company has begun to penetrate the mining and metal, iron ore, aerospace, automotive, general parts manufacturing, steel, materials (especially silica and silicon), chemical, and cement industries, among others.

**Customer Depth:** the number of projects with a single customer and/or amount of revenue from that customer. The Company treats most customer identities as confidential unless otherwise approved or suggested by the customer.

**New Customer Engagement:** as a relatively small company with technology that is potentially of interest across thousands of companies in many different industries, the Company takes a cautious approach when engaging with new customers. Primarily, the Company evaluates the potential customer's access to capital, operational history, and reputation when weighing engagement. With regard to new technology ideas or start-up customers, PyroGenesis considers the long-term commercialization potential of the idea, the possibility of revenue sharing or royalties, and access to capital. Aligning to the Company's three tier business model is imperative, though exceptions can be made.

**Studies Undertaken:** scientific and engineering studies have been a key part of new customer acquisition for much of the Company's history. A study such as a computational fluid dynamics (CFD) study is often the first phase requirement for a potential customer in investigating the potential future use of the Company's technology. Since transitioning from a legacy fossil fuel-based system to the Company's all-electric plasma can be a transformative and often expensive proposition, a study allows a potential new client to better

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understand the future technological fit and prospective budgetary requirements, while also gaining an understanding of the high-quality working relationship with the Company. The wide array of different specs, uses, industries, and in-factory customization of furnace, heating, and melting machinery, mandates ground-up studies for most new initiatives. The Company's experience conducting studies and its exposure to more and different types of systems, especially over the last 5 years, has allowed the Company to further streamline and perfect its study process as a route to new business. The number, type, and duration of studies undertaken during each quarter varies.

**Monthly Recurring Revenue:** ongoing, repeating revenue is a major goal for the Company. To date, after-sale parts and components (such as those related to consumable aspects of plasma torches) have represented the largest revenue and growth potential on a recurring basis. As the energy transition trend grows and more plasma systems are sold, recurring revenue is expected to represent a much larger percentage of overall revenue. Other areas targeted for recurring revenue include sales of titanium metal powders, revenue from tolling contracts in areas such as aluminum dross treatment and metal recovery, and co-venture/royalty agreements such as those related to waste remediation.

**Revenue Mix:** PyroGenesis has established a technology eco-system comprised of a number of inter-related solutions, often referred to in previous Company communications as a "multi legged stool". This type of diversification offers a measure of protection to the Company in both difficult and rapidly changing economic environments. As such, the Company targets a wide versus a narrow mix of revenue sources.

**Growth Mix:** new revenue is currently driven by existing customers. A key goal for the Company is to develop an optimal mix of existing and new customers.

### 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 2025.

Continuing the cost optimization program began in fiscal 2024, as described in the Q4 2024 Financial Highlights, which resulted in over \$3 million in savings, the Company has already identified areas of optimization in early 2025. To date the Company has identified savings in patent expenses, insurance and optimization of the workforce, for a net benefit of \$2 million. The Company has targeted between \$3-5 million in cost optimization for 2025. 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.

### Enhanced Sales and Marketing

Against the backdrop of its 3-tiered 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, 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 an accelerated 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,

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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.

As always, the Company monitors the potential impact macroeconomic events and conditions could have on the business, operations, and financial health of the Company.

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 material 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. The next payment(s) to PyroGenesis are expected in the near term.

##### Energy Transition & Emission Reduction

###### 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 will 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 is scheduled to commence in the latter part of Q2 2025.

###### Plasma-Based Glass Recycling:

The Company previously noted in an earlier Outlook that it was in advanced negotiations with a global leader in glass recycling, to investigate plasma as part of the customer's energy transition initiatives, and that the project has advanced sooner than originally anticipated. The project is related to the spheronization of recycled glass using plasma. During Q1 2025, the Company signed an R&D / testing contract 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. The project is scheduled to commence in the latter part of Q2 2025.

###### Plasma Torches for Aluminum Remelting Furnaces / Casthouses:

The Company has been working on aluminum remelting furnace solutions using plasma for use by secondary aluminum producers or any manufacturer of aluminum components that uses recycled or scrap aluminum. With gas-fired furnaces responsible for much of the scope 1 emissions of secondary aluminum production, aluminum companies have been searching for solutions such as plasma burners that can help in the decarbonization efforts of aluminum remelting and cast houses.

An LOI for large-scale plasma remelting furnaces with Constellium, a global aluminum product manufacturer, was originally announced during Q2 2024 [news release dated April 10, 2024]. During Q4 2024, the first project under a letter of intent (LOI) previously signed with Constellium progressed to advanced negotiations, and a near-term announcement in late Q2 2025 regarding this project is anticipated.

Separately, an existing contract with one of the world's largest manufacturers of products that serve the mining and defense industries [news release dated April 17, 2024] to examine the use of plasma in decarbonizing of its casthouses, was also discussed in previous Outlooks. Successful results from the test project which used plasma torches as part of the customer's high temperature process steps, have led to ongoing discussions for potential next steps. These discussions continue at both a local and international level for this global entity, with decisions around funding and funding cycle being the primary criteria.

Discussions also remain underway with other clients for similar contracts.

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### Aluminum Furnace Tests:

The Company has started, and will continue in the near term, 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. Due to the nature of these tests and the increasing number of similar tests, the Company may choose not to announce every test session it engages in.

### Ore Pelletization Torch Trials:

#### CLIENT B:

As mentioned in previous Outlooks, the commissioning of the plasma torch systems – for use in the pelletization furnaces of a client previously identified as Client B – was underway, with the Company's engineers onsite at Client B's iron ore facility. The commissioning process includes installation, start-up, and site acceptance testing (SAT). The Company previously announced that it had shipped four 1 MW plasma torch systems for use in Client B's iron ore pelletization furnaces, for trials toward potentially replacing fossil-fuel burners with plasma torches in Client B's furnaces.

As also mentioned in previous Outlooks, this project continues to move forward after the commissioning suffered a series of unforeseeable delays and infrastructure challenges caused by, among other things, damaging torrential rainstorms that flooded and damaged the facility's electrical system and furnace components, and intermittent power outages that led to damage of the plasma burners cooling system.

Client B remains committed, and live trials using PyroGenesis plasma torches are occurring are ongoing and will remain as such until the customer determines they have sufficient performance data. The latest information provided to the Company suggests a Q2 2025 timeline for the completion of this performance testing and data gathering phase, though this is an estimate.

#### CLIENT C:

Client C, a global market-leading client who the Company previously identified as one "who is not only a significant player in the iron ore pelletization industry but is also a major player in the steel industry", 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 is currently underway with a near-term Q2 2025 expected completion date. The first stage of the project was concluded in Q1 2025, with assessment report towards next steps expected in Q2 2025.

With live pelletization furnace plasma trials (with Client B) continuing, as the latest development with Client C renews their commitment to investigating plasma, and as new interest from other entities within the steelmaking industry continue to appear, the Company believes its position relative to both the steelmaking and iron ore industries remains strong. The early publicity and research results surrounding plasma's potential for use in iron ore pelletization opened the doors to these and multiple other industries for electrification of furnaces and other high heat applications using PyroGenesis plasma torches, which the Company believes will ultimately far surpass the specific iron ore pelletization application.

## Commodity Security & Optimization

### Titanium Metal Powder:

During Q4 2024, the Company identified Boeing as the customer for whom a multi-year product certification process is being conducted related to titanium metal powder produced by PyroGenesis' NexGen plasma atomization process. The Company also stated that all technical requirements for titanium coarse metal powder have been met by PyroGenesis NexGen plasma atomized powder for Boeing, and that PyroGenesis continues to move forward in the approved supplier list process, with an expectation of being formally added to Boeing's supplier list in the near term.

### Fumed Silica Reactor ("FSR") Project:

The Company previously noted in an earlier Outlook, that the Company's client HPQ Polvere (a wholly owned subsidiary of HPQ Silicon Inc.), had announced the successful completion of commissioning of the Fumed Silica Reactor (FSR) pilot plant that PyroGenesis has been designing, engineering, and constructing to convert quartz into fumed silica in a single and eco-friendly step. At that time, the pilot plant had commenced pre-commercial production tests of fumed silica. Additionally, PyroGenesis previously announced in a press release dated May 30, 2024, its intent to exercise its right to convert its annual royalty rights into a 50% ownership stake of HPQ Polvere pursuant to a design and development agreement.

In Q1 2025, [news release dated February 27, 2025], PyroGenesis announced the successful production of the first batch of materials from a week-long operation of the pilot plant. The material produced was visually analyzed and confirmed to be consistent with material seen in the previous lab-scale size plant. The results of planned further tests are expected in the near term, with commercial samples scheduled to be sent to key parties such as Evonik, a global specialty chemicals company that manufactures a wide range

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of high-performance materials and who is a global leader in fumed silica production (under the terms of an existing letter of intent), and others under NDA in the period to follow.

### Drosrite Factory Trials:

During Q4 of 2024, the Company conducted on-site trials of the Company's Drosrite furnace system for the processing of aluminum dross, at the facilities of European aluminum manufacturers. Additionally, representatives from potential new customers conducted on-site visits at an existing PyroGenesis customer's factory, where a Drosrite system has been successfully operating for several years. Data from the various tests and site visits are currently being analyzed during Q1 and Q2 to help determine next steps, if any, towards the possible purchase of Drosrite systems.

### Waste Remediation

#### Plasma Resource Recovery System (PRRS):

As mentioned in previous Outlooks, the Company is in discussions with a European company for the Company's Plasma Resource Recovery System, for use in the pyrolysis of plastic. This potential project has progressed to final negotiations with an expected outcome in the near term.

#### SPARC Refrigerant Waste Destruction System:

The Company previously noted in an earlier Outlook that it was in negotiations (with a mid-term 3-6 month outlook) with a large US-based distributor of refrigerants and specialty gases, regarding PyroGenesis' SPARC system for the safe destruction of hazardous end-of-life refrigerants such as CFCs, HCFCs, and HFCs, with a potential contract amount of approximately \$2-3 million. The discussions continue and are expected to be concluded in the near term.

#### Plasma-Based Glass Valorization:

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. This potential client is currently assembling funds from a consortium of international contributors, across government and private entities. The amount secured will determine a potential start and/or the scope of the project, with a current timeline for final decision estimated as near-term.

#### SPARC Refrigerant Waste Destruction System:

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 memorandum of understanding is currently being finalized.

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

#### Energy Transition & Emission Reduction

##### Plasma Torches for Cement-Related Calcination:

The Company is in negotiations with a European entity to use plasma torches during a calcination process related to cement production, with an estimated initial project value of \$500,000 to \$1 million.

##### Plasma Torches for Global Chemical Firm:

The Company is in discussions with an American entity for the potential sale of plasma torches to aid in the production of carbon black. Potential initial value of \$2-3 million with additional longer-term potential.

#### Commodity Security & Optimization

##### Plasma Torch System for Pyrolysis:

The Company is in discussions 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. A project quote has been submitted with a potential project value of approximately \$2 million.

##### 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 per year Drosrite furnaces. In addition, multiple European and American aluminum manufacturers are considering systems of various capacities.

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### Titanium Metal Powder:

The Company is in discussions with several companies in both North America and Europe regarding the potential sale of titanium metal powder, across both "coarse" and "fine" powder cuts.

### 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.

## **Business Line Developments: Long Term (> 6 months)**

### Commodity Security & Optimization

#### 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 anode material (approximate value of \$500,000); cost and scope development meetings towards a potential project are underway and further scheduled for Q2 2025
- 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 continue throughout Q2.
- a raw material producer and manufacturer in South Asia is considering a production system with an estimated contract value of \$10-15 million.

#### Silica Compound Production:

The Company is in early-stage discussions with an Asian commodity producer to use plasma to transform waste into a variety of in-demand silica compounds.

### Waste Remediation

#### 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 are ongoing and remain positive but depend in large part on the client's ability to secure funding in a timely manner. The client now anticipates proceeding with the purchase of a single plasma torch system in the near to mid term, followed by one or more larger orders in subsequent quarters, dependent upon the client's financing. While there is no guarantee this statement of work or additional ones will be completed, if successful the Company foresees the potential for a multi-phase, multi-year partnership with the client that may result in materially significant additional plasma torch orders over the next few years. EarthGrid continues to have challenges raising capital sufficient to make purchases under this agreement.

#### 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.

# PyroGenesis Inc.

## Management's Discussion and Analysis

For the three-month periods ended March 31, 2025, and 2024

(Unaudited)

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### Plasma Torches for 3<sup>rd</sup> 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.

**\*\* 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 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](http://www.sedarplus.ca), or the Company's website at [www.pyrogenesis.com](http://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.