

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 Inc. ("PyroGenesis", the "Company" or "we"). The MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the fourth quarter and for the year ended December 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, 2025. (the "2025 consolidated financial statements") and the Company's annual information form for the year ended December 31, 2025 (the "Annual Information Form").

The 2025 consolidated financial statements and MD&A have been reviewed by PyroGenesis' Audit Committee and were approved by its Board of Directors on March 30, 2026. 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 consolidated financial statements for issuance to shareholders.

The following information takes into account all material events that took place up until March 30, 2026, 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, and on the Company's website at 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, 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.

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 2025 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 2025 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 in the 2025 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 other entities with similar structures. Modified EBITDA is used by management as it brings additional clarity to operating performance, as it 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 as management and to evaluate performance while adjusting for non-cash discretionary expenses. Modified EBITDA allows a more appropriate comparison to other 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, their future performance and 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 from our Montreal office and our local 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. The Company's 100% owned subsidiary, Pyro Green-Gas Inc., offers technologies, equipment, and expertise in the area of biogas upgrading, and air pollution control. 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 to PyroGenesis Inc (from PyroGenesis Canada 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"). PyroGenesis International is owned, 100%, by the Company from the time it was acquired and renamed in July 2024. Prior to July 2024, it was known as Drosrite International and 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 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 AND YEARS ENDED DECEMBER 31
(expressed in dollars):

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	Variation 2025 vs 2024	2025	2024	Variation 2025 vs 2024
Revenues	\$ 3,327,482	\$ 4,224,138	\$ (896,656)	\$ 12,572,204	\$ 15,652,321	\$ (3,080,117)
Cost of sales and services	2,770,601	2,478,576	292,025	8,772,228	10,353,134	(1,580,906)
Gross profit	556,881	1,745,562	(1,188,681)	3,799,976	5,299,187	(1,499,211)
Expenses						
Selling, general and administrative	5,789,904	1,271,318	4,518,586	15,682,548	11,002,886	4,679,662
Research and development, net	(63,843)	72,104	(135,947)	872,148	785,894	86,254
Total expenses	5,726,061	184,945	5,541,116	16,554,696	9,676,775	6,877,921
Net income (loss) from operations	(5,169,180)	1,560,617	(6,729,797)	(12,754,720)	(4,377,588)	(8,377,132)
Changes in fair value of strategic investments and finance expense (income)	256,457	256,820	(363)	3,118,567	1,365,492	1,753,075
Other income	—	—	—	(1,011,605)	(1,180,335)	168,730
Income taxes	(103,000)	—	(103,000)	(103,000)	—	(103,000)
Net income (loss)	\$ (5,322,637)	\$ 145,320	\$ (5,467,957)	\$ (14,758,682)	\$ (6,674,750)	\$ (8,083,932)
Foreign currency translation gain (loss) on investments in foreign operations	442,456	(29,756)	472,212	(86,286)	(108,791)	(22,505)
Comprehensive income (loss)	\$ (4,880,181)	\$ 115,564	\$ (4,995,745)	\$ (14,844,968)	\$ (6,783,541)	\$ (8,061,427)
Earnings (loss) per share						
Basic	\$ (0.03)	\$ 0.00	\$ (0.03)	\$ (0.08)	\$ (0.04)	\$ (0.04)
Diluted	\$ (0.03)	\$ 0.00	\$ (0.03)	\$ (0.08)	\$ (0.04)	\$ (0.04)
Modified EBITDA⁽¹⁾	\$ (3,789,656)	\$ 1,797,642	\$ (5,587,298)	\$ (9,770,814)	\$ (1,900,614)	\$ (7,870,200)

¹ See "Non-IFRS Measures"

INFORMATION FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31 (expressed in dollars):

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	2023	2025	2024	2023
Revenues	3,327,482	4,224,138	3,028,255	12,572,204	15,652,321	12,345,081
Cost of sales and services	2,770,601	2,478,576	2,324,600	8,772,228	10,353,134	8,903,647
Gross profit	556,881	1,745,562	703,655	3,799,976	5,299,187	3,441,434
Expenses						
Selling, general and administrative	5,789,904	1,271,318	9,406,742	15,682,548	11,002,887	30,964,253
Research and development, net	(63,843)	72,104	465,698	872,148	785,894	2,212,488
Total expenses	5,726,061	1,343,422	9,872,440	16,554,696	11,788,781	33,176,741
Net income (loss) from operations	(5,169,180)	402,140	(9,168,785)	(12,754,720)	(6,489,594)	(29,735,307)
Changes in fair value of strategic investments and finance expense (income)	256,457	256,820	841,497	3,118,567	1,365,492	(1,009,386)
Other income	—	—	—	(1,011,605)	(1,180,335)	—
Income taxes	(103,000)	—	(221,747)	(103,000)	—	(221,747)
Net income (loss)	(5,322,637)	145,320	(9,788,535)	(14,758,682)	(6,674,750)	(28,504,174)
Foreign currency translation gain (loss) on investments in foreign operations	442,456	(29,756)	20,296	(86,286)	(108,791)	(11,681)
Comprehensive income (loss)	(4,880,181)	115,564	(9,768,239)	(14,844,968)	(6,783,541)	(28,515,855)
Earnings (loss) per share						
Basic	(0.03)	0.00	(0.06)	(0.08)	(0.04)	(0.16)
Diluted	(0.03)	0.00	(0.06)	(0.08)	(0.04)	(0.16)
Modified EBITDA¹	(3,789,656)	1,797,642	(7,895,927)	(9,770,814)	(1,900,614)	(24,429,815)

¹ See "Non-IFRS Measures"

SELECTED FINANCIAL INFORMATION (expressed in dollars)

	December 31, 2025	December 31, 2024	December 31, 2023
Current assets	10,735,579	19,351,220	16,803,425
Non-current assets	6,549,905	9,849,455	11,631,926
Total assets	17,285,484	29,200,675	28,435,351
Current liabilities	26,158,867	28,567,765	23,811,144
Non-current liabilities	1,555,535	4,096,298	7,452,784
Total liabilities	27,714,402	32,664,063	31,263,928
Shareholders' equity (deficiency)	(10,428,918)	(3,463,388)	(2,828,577)

FINANCIAL CONDITION (expressed in dollars)

	December 31, 2025	December 31, 2024	Variation 2025 vs 2024
Current Assets			
Cash	1,088,707	2,975,461	(1,886,754)
Accounts receivable	4,147,739	9,624,611	(5,476,872)
Costs and profits in excess of billings on uncompleted contracts	699,305	1,209,479	(510,174)
Inventory	2,376,148	2,542,633	(166,485)
Investment tax credits receivable	115,431	237,616	(122,185)
Income tax receivable	22,875	16,810	6,065
Current portion of deposits	945,849	693,729	252,120
Current portion of royalties receivable	509,660	1,041,419	(531,759)
Contract assets	436,763	441,991	(5,228)
Prepaid expenses	393,102	567,471	(174,369)
Total Current Assets	10,735,579	19,351,220	(8,615,641)
Non-Current assets			
Deposits	60,435	99,238	(38,803)
Strategic investments	46,161	30,774	15,387
Property and equipment	2,266,189	2,838,810	(572,621)
Right-of-use-assets	2,563,027	4,763,389	(2,200,362)
Royalties receivable	529,081	529,137	(56)
Intangible assets	1,085,012	1,588,107	(503,095)
Total Non-Current Assets	6,549,905	9,849,455	(3,299,550)
Current Liabilities			
Bank indebtedness	—	88,046	(88,046)
Accounts payable and accrued liabilities	10,414,397	12,855,422	(2,441,025)
Billings in excess of costs and profits on uncompleted contracts	9,880,704	9,010,451	870,253
Current portion of term loans	90,000	90,000	—
Current portion of lease liabilities	2,348,963	2,571,377	(222,414)
Balance due on business combination	771,120	1,787,271	(1,016,151)
Current portion of convertible debenture	673,433	1,021,596	(348,163)
Current portion of convertible loan	—	1,143,602	(1,143,602)
Current portion of secured loan	1,980,250	—	1,980,250
Total Current Liabilities	26,158,867	28,567,765	(2,408,898)
Non-current Liabilities			
Lease liabilities	1,397,941	3,204,091	(1,806,150)
Term loans	157,594	218,774	(61,180)
Convertible debenture	—	673,433	(673,433)
Total Non-Current Liabilities	1,555,535	4,096,298	(2,540,763)

Working capital (expressed as current assets less current liabilities) varied year-over-year by \$6.3 million, mainly a result of:

- Cash decreased by \$1.9 million, reflecting the net impact of operating, investing and financing activities, as discussed in the "Summary of Cash Flows" section,
- Accounts receivable decreased by \$5.5 million, with trade receivables declining from \$11.3 million to \$5.3 million. The reduction was primarily driven by improved collections, particularly on balances outstanding for more than 90 days. This improvement was largely attributable to the completion of a shares-for-debt agreement with a HPQ Silicon Inc. totaling \$4.1 million. In addition, the allowance for expected credit losses decreased by \$0.8 million, reflecting improved customer payment performance and recoveries during the year,
- Costs and profits in excess of billings on uncompleted contracts decreased by \$0.5 million as projects that were in early production stages at December 31, 2024, progressed during 2025, resulting in previously unbilled revenues being invoiced. The related allowance for credit losses decreased by \$0.1 million to \$0.3 million,
- Inventory decreased by \$0.2 million, primarily due to the consumption of raw materials and components on active projects, partially offset by disciplined production planning,
- Investment tax credits decreased by \$0.1 million following the receipt of credits claimed in prior periods,

- Current portion of deposits increased by \$0.3 million, reflecting advance payments to suppliers in connection with projects to support production activities,
- Current portion of royalty receivables decreased by \$0.5 million as a result of the debt debt-to-equity conversion with HPQ Silicon Inc. to settle unpaid royalties from prior years in exchange for common shares,
- Prepaid expenses decreased by \$0.2 million, primarily due to reduced prepayments for Directors' and Officers' insurance following a significant reduction in the annual premium,
- Bank indebtedness decreased by \$0.09 million, reflecting the complete repayment of the credit facilities,
- Accounts payable and accrued liabilities decreased by \$2.4 million. Accounts payable declined by \$1.4 million, primarily reflecting lower procurement activity and the settlement of supplier balances related to project execution earlier in the year. Accrued liabilities decreased by \$0.5 million, reflecting lower accrued expenses such as taxes, bonuses, and director and audit fees. The balance was further impacted by a \$0.2 million reduction in commissions payable and a \$0.3 million decrease in amounts due to the controlling shareholder and CEO,
- Billings in excess of costs and profits on uncompleted contracts increased by \$0.9 million, primarily reflecting milestone billings on ongoing projects that exceeded revenue recognized under the percentage-of-completion method. The increase reflects normal timing differences between customer billings and the recognition of revenue as projects progress,
- Current portion of lease liabilities decreased by \$0.2 million due to a lease which terminated December 2025 and no longer renewed,
- Current portion of balance due on the business combination decreased by \$1.0 million, primarily due to the reversal of contingent liability. The reduction reflects the non-achievement of a milestone condition associated with the business combination, resulting in the reversal of the related milestone,
- Current portion of the convertible debenture issued in July 2023 decreased by \$0.3 million. It matures in July 2026, with only seven payments remaining,
- Convertible loan and related accretion decreased by \$1.1 million, due to the convertible loan and accumulated accretion being presented as a current liability due to its maturity date. The convertible loan was settled in February 2025 and converted to 2,541,683 shares of the Company, and,
- Current portion of secured loan increased by 2.1 million. This newly issued loan in 2026 is a current liability and reflects management's expected disbursement.

Non-current assets varied year-over-year by \$3.3 million, mainly a result of:

- Property and equipment decreased by \$0.6 million, primarily reflecting recurring depreciation expense, including accelerated depreciation on leasehold improvements associated with a manufacturing facility that the Company does not intend to renew and plans to vacate in 2026,
- Right-of-use assets decreased by \$2.2 million as a result of the decision not to renew the lease of one of the Company's manufacturing facilities, leading to a remeasurement and reduction of the associated lease asset, and,
- Intangible assets decreased by \$0.5 million, reflecting a net impact of additional patent-related expenditures capitalized to support the Company's intellectual property portfolio, offset by a \$0.7 million expense following a review of the patent portfolio, which resulted in the abandonment of patents no longer aligned with the Company's strategic interests.

Non-current liabilities varied year-over-year by \$2.5 million, mainly a result of:

- Lease liabilities decreased by \$1.8 million following the decision not to renew the lease of one of the Company's manufacturing facilities, resulting in a remeasurement and reduction of the related lease obligation, and,
- Convertible debentures decreased by \$0.7 million due to the reclassification of the balance to current liabilities, as the debenture matures in July 2026.

RESULTS OF OPERATIONS

Revenues (expressed in dollars)

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

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

	Three months ended December 31		Variation	Twelve months ended December 31		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	198,049	358,792	(160,743)	589,027	1,076,653	(487,626)
Aluminium and zinc dross recovery (DROSRITE™)	195,870	2,089,586	(1,893,716)	931,295	3,583,504	(2,652,209)
Development and support related to systems supplied to the U.S. Navy	140,301	489,269	(348,968)	738,336	2,115,418	(1,377,082)
Torch-related products and services	2,095,912	246,496	1,849,416	4,605,125	5,226,262	(621,137)
Refrigerant destruction (SPARC™)	284,827	—	284,827	1,482,657	956,451	526,206
Biogas upgrading and pollution controls	315,648	862,483	(546,835)	3,535,511	1,762,432	1,773,079
Other sales and services	96,875	177,512	(80,637)	690,253	931,601	(241,348)
Revenue	3,327,482	4,224,138	(896,656)	12,572,204	15,652,321	(3,080,117)

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

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

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

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

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

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

¹This 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 and Gross Profit (expressed in dollars)

	Three months ended December 31		Twelve months ended December 31	
	2025	2024	2025	2024
Revenues	3,327,482	4,224,138	12,572,204	15,652,321
Cost of Sales and Services	2,770,601	2,478,576	8,772,228	10,353,134
Gross Profit	556,881	1,745,562	3,799,976	5,299,187
Gross Margin %	17%	41%	30%	34%

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

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

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

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

Direct material costs declined modestly to \$4.0 million from \$4.3 million, reflecting differences in project mix and fabrication timing compared to the prior year. Subcontracting expenses remained relatively stable at \$0.5 million, reflecting continued use of specialized external resources to support certain torch

and SPARC™ related activities. Minor fluctuations were recorded in investment tax credits and amortization of intangible assets, the latter reflecting the completion of amortization on certain assets from the Pyro Green-Gas acquisition that were fully amortized in early 2024. These expenses are non-cash items, and the remaining intangible assets primarily consist of patents and deferred development costs amortized over their expected useful lives.

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

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

Selling, General and Administrative Expenses (expressed in dollars)

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	Variation 2025 vs 2024	2025	2024	Variation 2025 vs 2024
Employee compensation	2,290,838	2,604,791	(313,953)	8,657,550	9,803,254	(1,145,704)
Share-based expenses	467,932	1,158,477	(690,545)	685,350	2,112,005	(1,426,655)
Professional fees	1,291,093	688,936	602,157	2,480,962	2,506,561	(25,599)
Office and general	168,923	185,886	(16,963)	881,753	1,009,501	(127,748)
Travel	84,531	148,140	(63,609)	272,556	314,139	(41,583)
Depreciation of property and equipment	268,813	67,904	200,909	585,971	366,696	219,275
Depreciation and modification of right-of-use assets	182,554	182,554	—	730,215	902,777	(172,562)
Investment tax credits	1,662	—	1,662	1,662	21,110	(19,448)
Government grants	(24,348)	(82,943)	58,595	(73,579)	(214,215)	140,636
Insurance and other expenses	1,038,611	288,842	749,769	1,951,762	1,768,723	183,039
Foreign exchange charge on materials	167,010	(464,705)	631,715	213,940	(732,753)	946,693
Expected credit loss & bad debt	(147,715)	(3,506,564)	3,358,849	(705,594)	(6,854,911)	6,149,317
Total selling, general and administrative	5,789,904	1,271,318	4,518,586	15,682,548	11,002,887	4,679,661

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	Variation 2025 vs 2024	2025	2024	Variation 2025 vs 2024
Employee compensation	106,107	108,124	(2,017)	623,431	602,688	20,743
Investment tax credits	(8,816)	(9,727)	911	(39,257)	(31,175)	(8,082)
Subcontracting	35,419	595	34,824	47,007	595	46,412
Materials and equipment	(207,323)	15,864	(223,187)	175,453	246,131	(70,678)
Other expenses	10,770	(42,752)	53,522	65,514	(32,345)	97,859
Total net R&D expenses, net	(63,843)	72,104	(135,947)	872,148	785,894	86,254

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

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

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

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

	Three months ended December 31			Variation 2025 vs 2024	Twelve months ended December 31			Variation 2025 vs 2024
	2025	2024			2025	2024		
Interest on secured loan	33,339	—	33,339	79,500	—	79,500		
Interest on lease liabilities	57,537	65,461	(7,924)	241,689	263,106	(21,417)		
Interest on convertible debentures	(9,542)	41,803	(51,345)	123,613	230,168	(106,555)		
Interest on convertible loan	—	9,583	(9,583)	5,313	38,124	(32,811)		
Interest accretion on long term loan	6,627	28,146	(21,519)	28,820	22,195	6,625		
Interest accretion on convertible debentures	64,354	74,542	(10,188)	190,404	245,808	(55,404)		
Interest accretion on convertible loan	30	53,439	(53,409)	30,938	195,903	(164,965)		
Interest accretion on secured loan	140,985	—	140,985	232,590	—	232,590		
Penalties and other interest	(12,147)	35,088	(47,235)	181,321	170,727	10,594		
Interest accretion on and revaluation of balance due on business combination	—	(31,644)	31,644	(1,016,151)	60,761	(1,076,912)		
Interest accretion of royalty receivable	(24,726)	(24,727)	1	(93,920)	(94,169)	249		
Finance expense (income), net	256,457	251,691	4,766	4,117	1,132,623	(1,128,506)		

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

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

Strategic Investments (expressed in dollars)

	Three months ended December 31			Variation 2025 vs 2024	Twelve months ended December 31			Variation 2025 vs 2024
	2025	2024			2025	2024		
Changes in fair value of strategic investments	—	5,129	(5,129)	3,114,450	232,868	2,881,582		

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

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

Other Income

During the year 2025, Other Income includes a gain resulting from the agreement with HPQ Silicon Inc. whereby \$819,197 of royalties receivable and \$4,122,243 of trade accounts receivable of HPQ Silicon (for a total of \$4,941,440) were exchanged in a debt-to-equity conversion. As a result, the Company received 17,968,873 common shares and 17,968,873 share purchase warrants of HPQ Silicon. The fair value of the shares and warrants received was \$5,953,045, therefore resulting in a gain of \$1,011,605.

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

Comprehensive income (loss) (expressed in dollars)

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	Variation 2025 vs 2024	2025	2024	Variation 2025 vs 2024
Comprehensive income (loss)	(4,880,181)	115,564	(4,995,745)	(14,844,968)	(6,783,541)	(8,061,427)

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

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

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	Variation 2025 vs 2024	2025	2024	Variation 2025 vs 2024
Comprehensive income (loss)	(4,880,181)	115,564	(4,995,745)	(14,844,968)	(6,783,541)	(8,061,427)
Depreciation of property and equipment	268,813	67,904	200,909	585,971	366,696	219,275
Depreciation of ROU assets	182,554	182,554	—	730,215	902,777	(172,562)
Amortization of intangible assets	17,769	16,323	1,446	57,051	135,958	(78,907)
Finance expenses (income), net	256,457	251,691	4,766	4,117	1,132,623	(1,128,506)
Income taxes	(103,000)	—	(103,000)	(103,000)	—	(103,000)
EBITDA⁽¹⁾	(4,257,588)	634,036	(4,891,624)	(13,570,614)	(4,245,487)	(9,325,127)
Other non-cash items:						
Share-based expenses	467,932	1,158,477	(690,545)	685,350	2,112,005	(1,426,655)
Change in fair value of investments	—	5,129	(5,129)	3,114,450	232,868	2,881,582
Modified EBITDA⁽¹⁾	(3,789,656)	1,797,642	(5,587,298)	(9,770,814)	(1,900,614)	(7,870,200)

¹ See "Non-IFRS Measures"

The EBITDA for the three-months ended December 31, 2025, was a loss of \$4.3 million compared to positive EBITDA of \$0.6 million in Q4, 2024, representing an unfavorable variance of \$4.9 million year-over-year. The change reflects the significant increase in comprehensive loss during the quarter, partially offset by add-backs for depreciation and finance expenses. Depreciation of property and equipment increased by \$0.2 million due to accelerated depreciation of leasehold improvements associated with lease terminations, while depreciation of right-of-use assets remained consistent with the prior year. Amortization of intangible assets increased slightly to \$17,769 from \$16,323, reflecting routine amortization of intellectual property and deferred development costs. Finance expenses decreased modestly year-over-year, primarily due to lower interest and accretion on convertible instruments, partially offset by interest on the newly issued secured loan. Overall, the decline in EBITDA primarily reflects lower gross margins and the absence of favorable non-cash adjustments recorded in Q4 2024.

Modified EBITDA for Q4 2025 was a loss of \$3.8 million compared to positive Modified EBITDA of \$1.8 million in Q4 2024, representing a variance of \$5.6 million. The year-over-year change reflects the lower EBITDA result, partially offset by a \$0.7 million reduction in share-based compensation expense. No material fair value adjustments to strategic investments were recorded in the current quarter, compared to a minor gain in the prior year. As in prior quarters, Modified EBITDA excludes non-cash items and does not adjust for irregular gains presented in other income.

During the twelve-months ended December 31, 2025, EBITDA was a loss of \$13.6 million compared to a loss of \$4.2 million in 2024, representing an unfavorable variance of \$9.3 million. The increased loss reflects the higher comprehensive loss for the year, partially offset by lower amortization of intangible assets and improved net finance income. Depreciation of property and equipment increased by \$0.2 million due to accelerated depreciation of leasehold improvements associated with lease terminations, while depreciation of right-of-use assets declined by \$0.2 million as lease obligations

continued to amortize. Amortization of intangible assets decreased by \$0.08 million following the full amortization of certain prior-period assets. Net finance income improved by \$1.1 million year-over-year, primarily driven by favorable non-cash revaluation adjustments recorded during the year.

Modified EBITDA for the twelve months ended December 31, 2025, was a loss of \$9.8 million compared to a loss of \$1.9 million in 2024, representing a variance of \$7.9 million. The year-over-year change reflects lower overall profitability and the impact of a \$3.1 million loss on the fair value of strategic investments recognized during 2025, partially offset by a \$1.4 million reduction in share-based compensation expense. Modified EBITDA excludes these non-cash items and, consistent with prior disclosure, does not adjust for gains presented in other income that are not expected to recur regularly.

SUMMARY OF QUARTERLY RESULTS (expressed in dollars)

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	3,327,482	3,249,540	3,007,647	2,987,535	4,224,138	4,002,689	3,939,098	3,486,397
Gross profit	556,881	774,346	1,670,266	2,189,052	1,745,562	1,672,637	1,124,643	756,345
Gross margin	17%	24.0	56.0	27.0	41.0	42.0	29.0	22.0
Comprehensive income (loss)	(4,880,181)	(2,486,846)	(3,110,464)	(4,367,477)	115,564	(3,907,068)	1,413,849	(4,405,885)
Earnings (loss) per share								
Basic	(0.03)	(0.01)	(0.02)	(0.02)	0.00	(0.02)	0.01	(0.02)
Diluted	(0.03)	(0.01)	(0.02)	(0.02)	0.00	(0.02)	0.01	(0.02)

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

SUMMARY OF CASH FLOWS (expressed in dollars)

	Three months ended December 31		Twelve months ended December 31	
	2025	2024	2025	2024
Cash provided / (used) in operating activities	(3,984,665)	(2,653,066)	(10,094,513)	(2,100,775)
Cash provided / (used) by investing activities	(7,437)	(427,905)	2,561,224	1,663,017
Cash provided / (used) by financing activities	4,963,454	(162,529)	5,654,167	1,522,492
Effect of exchange rate changes on cash denominated in foreign currency	17,006	75,662	(7,632)	88,111
Increase (decrease) in cash	988,358	(3,167,838)	(1,886,754)	1,172,845
Cash - end of period	1,088,707	2,975,461	1,088,707	2,975,461

During the three-month period ended December 31, 2025, cash used in operating activities was \$3.9 million compared to \$2.7 million in Q4 2024. The higher cash outflow reflects a net loss of \$5.3 million in the current quarter (Q4 2024 – \$0.1 million), partially offset by non-cash adjustments totaling \$1.0 million (Q4 2024 – \$2.6 million) and a net change in working capital of \$0.1 million (Q4 2024 – \$0.1 million). The increase in operating cash usage is primarily attributable to higher operating losses, partially mitigated by lower non-cash compensation expense and relatively stable working capital movements.

Investing activities used \$0.007 million in Q4 2025 compared to \$0.4 million in Q4 2024. Q4 2025 investing activity was limited to minimal capital expenditures and intangible asset additions in the quarter.

Financing activities generated \$4.9 million in Q4 2025 compared to a use of \$0.2 million in Q4 2024. The increase is primarily due to proceeds from secured financing arrangements completed during the quarter, partially offset by repayments of debt and lease liabilities.

Foreign exchange movements contributed a \$0.02 million increase in cash compared to a \$0.08 million increase in Q4 2024. As a result, cash increased by \$1.0 million during the quarter, compared to a decrease of \$3.2 million in the same period of the prior year, with cash balances of \$1.1 million and \$3.0 million at period end, respectively.

For the twelve-month period ended December 31, 2025, cash used in operating activities was \$10.1 million compared to \$2.1 million in 2024. The increase reflects a net loss of \$14.8 million (2024 – \$6.7 million), partially offset by non-cash adjustments of \$4.6 million (2024 – \$4.6 million) and a nominal net change in working capital (2024 – decrease of \$0.1 million). Overall, the higher cash usage from operating activities in 2025 is attributable to increased operating losses, partially offset by lower share-based compensation and other non-cash expense items.

Investing activities generated \$2.6 million in 2025 compared to \$1.7 million in 2024, primarily driven by proceeds from disposals of strategic investments, partially offset by lower capital expenditures and intangible asset additions.

Financing activities provided \$5.6 million in 2025 compared to \$1.5 million in 2024. The increase reflects proceeds from secured debt and equity financing transactions, partially offset by repayments of term loans, lease liabilities, and convertible debentures.

Foreign exchange movements resulted in a decrease in cash of \$0.01 million in 2025 compared to an increase of \$0.1 million in 2024. Consequently, the Company's cash position decreased by \$1.9 million in 2025, compared to an increase of \$1.2 million in 2024, ending the year with cash balances of \$1.1 million and \$3.0 million, respectively.

USE OF PROCEEDS FROM FINANCINGS

<i>Description of intended use of funds from financings in the past 12 months</i>	<i>Proposed use of proceeds from financings completed in the past 12 months</i>	<i>Use of funds to Date</i>
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
May 12, 2025: Private Placement for total gross proceeds of \$2,385,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 2,385,000
October 24, 2025: Private Placement for total gross proceeds of \$3,500,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 3,500,000
November 10, 2025: Private Placement for total gross proceeds of \$822,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 822,000
December 1, 2025: Private Placement for total gross proceeds of \$904,083	Proceeds were intended and used for working capital and general corporate purposes	\$ 904,083

CAPITAL STOCK INFORMATION

The authorized share capital of the Company consists of an unlimited number of common shares. As at March 30, 2026, PyroGenesis had 206,611,415 Common Shares, 22,636,911 share purchase warrants, 19,070,000 outstanding stock options issued, and 12,401,000 exercisable options issued. In addition, the Company issued and closed a private placement in July 2024 (refer to notes 21 of the 2025 consolidated financial statements) and a private placement in May 2025 and in October 2025 (refer to note 20 and 21 of the 2025 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.

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

	December 31, 2025		December 31, 2024	
	US	Euro	US	Euro
	\$	\$	\$	\$
Cash	860,174	—	2,228,077	—
Accounts receivable	3,318,106	912,512	3,401,015	217,883
Accounts payable and accrued liabilities	(1,928,905)	(15,313)	(2,235,050)	(263,505)
Total	2,249,375	897,199	3,394,042	(45,622)

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 December 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 year ended December 31, 2025, would have been \$224,938 and \$89,720, respectively (December 31, 2024 - \$339,404 and \$4,562, respectively).

Credit concentration

During the three-month period ended December 31, 2025, three customers accounted for 62%, (Three-month period ended December 31, 2024 – two customers for 66%) of revenues from operations.

During the twelve-month period ended December 31, 2025, two customers accounted for 37%, (Twelve-month period ended December 31, 2024 – three customers for 44%) of revenues from operations.

Two customers accounted for 37% and 12%, respectively (December 31, 2024 – two customers for 37% and 36%, respectively) of trade accounts receivable before expected credit loss allowance of \$2,601,007 (2024 - \$8,193,120), 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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum credit risk to which the Company is exposed as at December 31, 2025, represents the carrying amount of cash, accounts receivable (except sales tax receivable), costs and profits in excess of billings on uncompleted contracts, deposits and royalties receivable.

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 had a strategic investment, until the entirety of the shares were disposed in April 2024. 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.

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

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

	Carrying Value	Total contractual amount	Less than one year	2-3 years	4-5 years	Over 5 years
Accounts payable and accrued liabilities ¹	8,998,686	8,998,686	8,998,686	—	—	—
Term loans	247,594	202,500	90,000	112,500	—	—
Balance due on business combination	771,120	771,120	771,120	—	—	—
Lease liabilities	3,746,904	4,469,462	2,462,861	402,532	402,675	1,201,394
Convertible debentures	673,433	728,547	728,547	—	—	—
Secured loan	1,980,250	3,260,000	3,260,000	—	—	—
	16,417,987	18,430,315	16,311,214	515,032	402,675	1,201,394

¹ 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.

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.

GOING CONCERN

These consolidated financial statements have been prepared on the going concern basis, which presumes that the Company will be able to continue its operations for the foreseeable 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 \$143,322,464 as at December 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 December 31, 2025, the Company has working capital deficiency of \$15,423,288 (working capital deficiency of \$9,216,546 as at December 31, 2024) including cash of \$1,088,707 (\$2,975,461 as at December 31, 2024). The working capital is net of an allowance for credit losses amounting to \$2,017,000 (\$2,936,000 as at December 31, 2024) as further described in Notes 7 and 8. 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 2026, 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 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 multiple private placements in the past, and in the two prior fiscal years. Namely, in July 2024, the Company secured gross proceeds of \$2,804,600 from the completion of non-brokered private placement. In May 2025, the Company completed a non-brokered secured loan for gross proceeds of \$2,385,000. In October and December 2025, the Company completed a non-brokered private placement for gross proceeds of \$3,500,000 and \$1,726,083, respectively. 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 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 year ended December 31, 2025, and 2024, the Company concluded the following transactions with related parties:

A balance due to the controlling shareholder and CEO of the Company amounted to \$122,503 (2024 - \$597,180) 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 of \$45,200.

In May 2025, the President and CEO, participated in a non-brokered secured loan for gross proceeds of \$2,385,000.

In 2025, the President and CEO, along with close family members, participated in a non-brokered private placement for gross proceeds of \$3,500,000 and \$290,000, respectively. Four directors of the Company also participated for a total of \$207,500.

The key management personnel of the Company, in accordance with IAS 24 Related Party Disclosures, are the members of the Board of Directors and certain officers. Total compensation to key management consisted of the following:

	Three months ended December 31		Variation	Twelve months ended December 31		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Salaries - key management	470,944	397,003	73,941	1,599,752	1,617,973	(18,221)
Pension contributions	7,805	6,236	1,569	28,356	26,227	2,129
Fees - Board of Directors	55,500	35,300	20,200	170,700	161,700	9,000
Share-based compensation - officers	104,628	445,667	(341,039)	377,789	864,886	(487,097)
Share-based compensation - Board of Directors	199,147	310,667	(111,520)	281,294	687,316	(406,022)
Other benefits - key management	254,898	24,956	229,942	535,584	263,970	271,614
Total compensation	1,092,922	1,219,829	(126,907)	2,993,475	3,622,072	(628,597)

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 that had been 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 covered 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 delivery of gas flaring components, was 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 had been 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 CA\$1.1 million second contract with the Varennes Carbon Recycling ("VCR") plant, a large biofuel production project under construction in Varennes, Quebec. As a result, the overall project contracts with Pyro Green-Gas increased in total to CA\$3.6 million.

On February 10, 2025, the Company announced that recent data from a current contract confirmed that PyroGenesis plasma torches had 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 data, combined with other recent results, highlighted how a transition from fossil fuels to PyroGenesis plasma torches could generate both significant operating expense 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 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 identified Boeing as the previously unnamed global aerospace original equipment manufacturer referenced in prior press releases. PyroGenesis further confirmed that its Ti64 "coarse" metal powder, with a size fraction in the range of 45µm to 150µm, produced by its NexGen™ plasma atomization system, had met all technical requirements for Boeing, and that it continued 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 designed to replace fossil fuel combustion in high-temperature processes with all-electric plasma torches. This specifically targeted multi-megawatt industrial processes required by aluminum and steel producers, as well as calcination processes in industries such as alumina, cement, and quicklime.

On March 21, 2025, the Company announced that Varennes Cellulosic Ethanol LP ("VCE"), the entity managing the VCR project, had filed for protection under the Companies' Creditors Arrangement Act ("CCAA") as part of its strategy to address liquidity challenges. This allowed VCE to continue operations while seeking financial solutions under court supervision. Pyro Green-Gas was asked to continue its work on the project and would receive timely payments for contracted goods and services moving forward. Pyro Green-Gas indicated that it would continue to monitor developments closely and remained hopeful that, through the CCAA process, VCE would reach a resolution ensuring the successful continuation of the initiative.

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 CA\$5,750,000 with P. Peter Pascali. Subsequently, on May 12, 2025, the Company announced that the first tranche had been successfully closed, and that it had received CA\$2,385,000. As per the agreement, the Company issued 5,207,423 common share purchase warrants to the lender.

On May 15, 2025, the Company's client HPQ Silicon Inc. announced that the material produced during the latest phase of system testing of the Fumed Silica Reactor pilot plant had been successfully retrieved from the baghouse. The material, assumed to be fumed silica, had been sent to a third-party laboratory for analysis.

On May 21, 2025, the Company's client HPQ Silicon Inc. announced that independent analysis of material produced during the latest phase of system testing of the Fumed Silica Reactor confirmed that it was fumed silica.

On May 28, 2025, the Company's client HPQ Silicon Inc. announced that HPQ Silica Polvere Inc. had received multiple requests for delivery of its fumed silica powder for further analysis by potential clients. These powders were expected to be shipped within 10 days.

On May 29, 2025, the Company announced that it had received official confirmation of approved supplier status with Boeing. PyroGenesis' Ti64 "coarse" metal powder, with a particle size within the range of 53–150µm, had been qualified for use and added to Boeing's qualified list of metal powders available for additive manufacturing.

On June 9, 2025, the Company announced that up to 1,581,250 common share purchase warrants had been amended. The warrants, which had an exercise price of \$1.20, were set to expire on July 22, 2025. Commencing on June 25, 2025, the expiration date of the warrants held by participating holders was extended to November 18, 2025.

On June 12, 2025, the Company's client HPQ Silicon Inc. announced that HPQ Silica Polvere Inc. had received notice from a leading global supplier of fumed silica that material samples recently delivered had successfully passed the client's test protocols confirming them as fumed silica.

On July 2, 2025, the Company announced that it had signed a contract for €379,000 (approximately CA\$600,000) with one of the world's largest integrated environmental services companies, expanding its relationship with this client to include developing a solution for plastic waste in Europe. The client operated more than 100 waste treatment sites and facilities across Europe.

On July 8, 2025, the Company's client HPQ Silicon Inc. announced that upgrades to the fumed silica reactor project had resulted in increased material quality, purity, and improved product consistency across multiple production cycles. These results were verified by a leading global fumed silica manufacturer. PyroGenesis had been engaged to develop and build the FSR pilot plant for HPQ Polvere Inc., in which it held a 50% interest and maintained an exclusive equipment supply arrangement.

On July 15, 2025, the Company announced that its subsidiary, Pyro Green-Gas Inc., had completed the previously announced CA\$9.3 million coke-oven gas valorization and hydrogen production project for Tata Steel.

On July 28, 2025, the Company announced that third-party Scanning Electron Microscopy analysis of Phase 1 Test #5 material from the Fumed Silica Reactor had further validated key technical metrics.

On July 31, 2025, the Company announced receipt of a contract for titanium metal powder produced by its NexGen™ plasma atomization process from a European engineering and material science firm.

On August 5, 2025, the Company announced that it had signed an additional contract with Constellium for plasma torch technology and related components to be implemented in an aluminum remelting furnace. This marked the launch of Phase 2 of the project.

On September 2, 2025, the Company announced that it had signed a US\$871,000 (CA\$1,198,000) contract with a European cement industry customer for the supply of a plasma torch system for a calcination furnace.

On September 4, 2025, the Company announced that performance trials and modifications of its fumed silica reactor pilot plant had resulted in significant progress across key product parameters, bringing the system closer to commercial readiness.

On October 16, 2025, the Company announced that it had completed the first tranche of the First Unit Group of its non-brokered private placement, generating gross proceeds of approximately \$3,500,000.

On October 17, 2025, the Company announced that it had amended 1,581,250 outstanding warrants by reducing the exercise price and extending the expiry date.

On October 29, 2025, the Company announced that it had completed the first tranche of the Second Unit Group, generating gross proceeds of approximately \$822,000.

On November 28, 2025, the Company announced that it had closed the final tranche of its private placement, resulting in aggregate gross proceeds of approximately CA\$5,226,083.

On December 3, 2025, the Company announced that it had signed a EUR 815,000 contract with a European cement customer for the supply of a plasma torch system intended to electrify a calcination furnace as part of energy transition initiatives.

On December 8, 2025, the Company announced that it had signed a contract to supply a half tonne of Ti64 titanium metal powder to a global aerospace customer for immediate delivery.

On December 10, 2025, the Company announced that it had received an initial order for fine-cut Ti64 titanium powder from a U.S.-based additive manufacturing company serving consumer product and healthcare industries.

On December 11, 2025, the Company announced that it had signed a contract with a battery recycling company to test its plasma technology in material recovery and battery production processes.

On December 15, 2025, the Company announced that it had delivered 3.5 tonnes of titanium powder under a supply agreement with a U.S. minerals and metal technology company following successful client testing.

On December 17, 2025, the Company announced that it had signed an initial design phase contract with a European nuclear waste processing specialist for the development of a plasma furnace system to treat low-level radioactive waste.

On December 23, 2025, the Company announced that it had provided 90-day notice to terminate exclusivity with EarthGrid.

On January 6, 2026, the Company announced that it had signed an agreement with a U.S. engineering infrastructure corporation to pursue chemical weapon destruction contracts in Syria using its plasma-based PACWADS technology.

On January 22, 2026, the Company announced that it had received a second one-tonne order for titanium powder under its previously signed powder supply agreement with a U.S. minerals and metal technology company.

On January 27, 2026, the Company announced that it had successfully delivered a 4.5 MW plasma torch system to a U.S. aeronautics and defense client

under a contract valued at approximately US \$4.13 million, with additional components to follow.

On February 12, 2026, the Company announced that it had entered into a non-binding MOU for a joint venture to build and operate a 1,000 tonne per year commercial-scale fumed silica production plant, pursuant to which the Company would build the reactor system valued at approximately US \$20.0 million

On February 19, 2026, the Company announced that it had confirmed successful independent testing results showing that the fumed silica produced by its FSR met the fundamental characteristic needed to advance the proposed joint venture and that the potential partner had purchased 50 kg of material.

On February 23, 2026, the Company announced that it had signed a contract with a Scientific Aerospace Research Organization for the supply of titanium metal powder produced by PyroGenesis' NexGen™ plasma atomization process.

On February 26, 2026, the Company announced that it had successfully completed testing with a battery recycler and shipped material samples.

On March 6, 2026, the Company announced that it had completed manufacturing of a plasma torch system for Constellium and had commenced delivery.

On March 9, 2026, the Company announced that it intended to complete a non-brokered private placement. Subsequently, it was announced that the offering had been oversubscribed.

On March 16, 2026, the Company announced that Rio Tinto and Alcoa had presented data confirming that PyroGenesis' plasma torches provided operational and cost advantages compared to natural gas burners.

On March 23, 2026, the Company announced that its SPARC™ system had been unveiled during the launch of New Zealand's National Refrigerant Destruction Facility.

On March 26, 2026, the Company announced that it had closed a non-brokered private placement generating gross proceeds of \$1,973,450.

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 2025 consolidated financial statements.

CONTROLS AND PROCEDURES

The Company's shares are listed on the Toronto Stock Exchange ("TSX") since November 2020. 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, would require more stringent disclosure controls and began implementing such improvements.

As a result of the graduation to the TSX, 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. 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, 2025, 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 improvements in internal controls in 2025 and prior, the material weaknesses did not exist at December 31, 2025 and the DC&P were effective. The Company recognizes that material weaknesses in ICFR existed for a portion of fiscal 2025, as described below in Management's Annual Report on Internal Controls over Financial Reporting,

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, 2025, 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 existed for a portion of fiscal 2025, as described below, however due to the remediation in the year, the Company's ICFR is effective as of December 31, 2025. 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 a material weaknesses in prior quarters and in prior years, and any remediation that occurred up to December 31, 2025:

- **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. Controls have been added to further restrict file permissions, additional independent review and reasonability assessments, version controls and regular file safeguarding. The Company and management are comfortable with the data generated from such spreadsheets and the robust procedures that support it.

- **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.

The Company affirms that since the beginning of this deficiency and until December 31, 2025, 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, 2025, 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.

In prior years, and until 2025, 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 a new ERP system, however the expected deployment has been postponed as the Company continues to focus on cost optimization. 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 year ended December 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 year ended December 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 December 31, 2025, the Company's design and operation of ICFR and DC&P were effective, although not effective for all of 2025..

Management's Ongoing Remediation Measures

During the year ended December 31, 2025, and beyond, 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 are an inherent part of the upgrade to a new ERP system.

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 year ended December 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 2025 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.

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 December 31, 2025, the Company had a history of losses and negative cash flows. For the year ended December 31, 2025, the Company has a net loss of \$14.8 million, cash flows used in operations of \$10.1 million, and an accumulated deficit of \$143.3 million at December 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 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.

Concentration Risk

To date, a small number of customers have accounted for a majority of PyroGenesis' revenues. As its business expands, the Company expects that revenue distribution will be over a larger number of different customers. The loss of, or a reduction in, purchase orders or anticipated purchase orders from PyroGenesis' principal customers could have a material adverse effect on its business, financial condition and results of operations. Additionally, if one of PyroGenesis' customers is unable to meet its commitments to PyroGenesis, the Company's business, financial condition and results of operations could be adversely affected.

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 year ended December 31, 2025, the Company has a net loss of \$14.8 million which includes a loss from the change in value of strategic investment of \$3.1 million and cash flows used in operations of \$10.1 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. In addition, at March 30, 2026, 19,070,000 stock options are currently issued and outstanding, together with 22,636,911 share purchase warrants. In addition, the Company issued a secured loan in May 2025 and completed a non-brokered private placement for gross proceeds of \$5.2 million in 2025 (refer to note 20 of the 2025 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.

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 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.

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;
- 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. Geopolitical conflicts may materially impact operations, which may include disruptions to supply chains, material price spikes, sanctions compliance, asset impairment, suspension or destruction of operations, or reduction in demand.

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 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".

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 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, 72,097,569 Common Shares, representing in aggregate 34.90% of the total voting rights attached to the outstanding Common Shares, and 11,130,572 share purchase warrants and options to acquire an additional 3,720,000 Common Shares (increasing the total number of Common Shares held or controlled, directly or indirectly, by him to 86,948,141 Common Shares, or 35.01% of the Common Shares, on a fully diluted basis). 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 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;
- 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.

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.

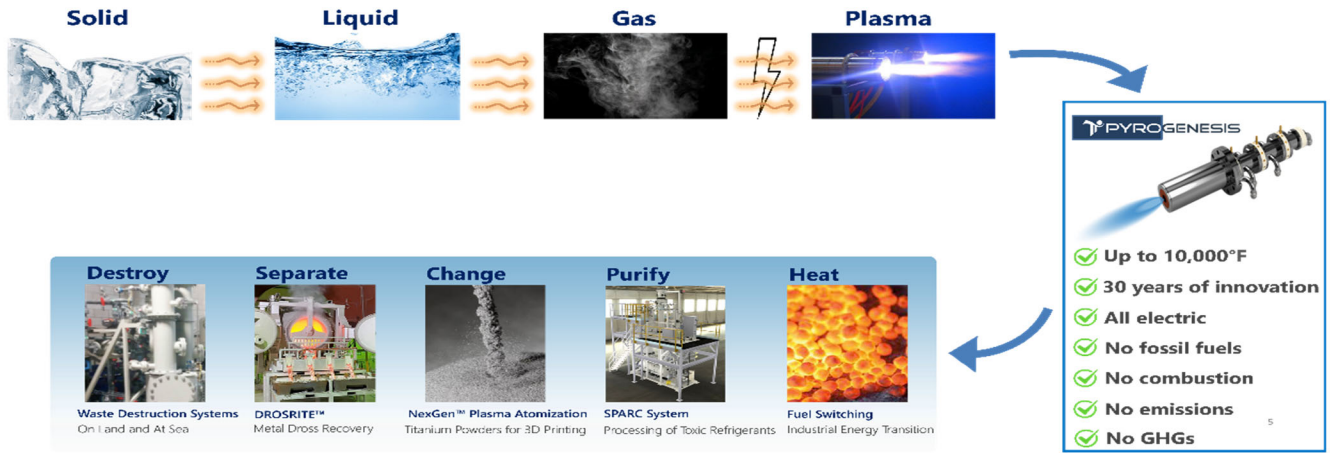
Inability for U.S. Investors to Enforce Certain Judgments

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 "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.

RECENT DEVELOPMENTS AND OUTLOOK

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

TURNING PLASMA INTO TECHNOLOGY



The Company's technology solutions are categorized across three business verticals:

1. *Energy Transition*

- Plasma-based fuel switching solutions to help heavy industry electrify high-temperature processes, modify the energy mix, and lower emissions.

2. *Materials Production*

- Development of chemical-free material production systems, and the production of in-demand materials, for manufacturers.

3. *Waste Processing*

- Safe, emission-free destruction, remediation, and valorization of industrial, chemical, agricultural, and municipal solid waste, on land and at sea.

Within each business vertical the Company offers a wide array of technology solutions at different stages of commercialization:

BUSINESS LINES: A Multi-Legged Stool



Energy Transition

Plasma-based fuel switching solutions to help heavy industry electrify high-temperature processes, modify the energy mix, and lower emissions.

- Plasma burners for
 - industrial furnaces
 - melting/holding tanks
 - numerous other industrial process steps
- Plasma torches for high-temp energy and aerospace research



Materials Production

Development of chemical-free material production systems, and the production of in-demand materials, for manufacturers.

- Titanium metal powder
- Fumed silica
- Nano-silicon for EV batteries
- Silica additive for green cement
- Other silica-based products in the works



Waste Processing

Safe, emission-free destruction, remediation, and valorization of industrial, chemical, agricultural, and municipal solid waste, on land and sea.

- Refrigerants/chemicals (SPARC)
- PFAS (using plasma torches)
- Shipboard waste (PAWDS)
- Metal dross (Drosrite)
- Landfill (Pyro Green-Gas)
- Industrial: spent pot linings, residues
- Warfare agents (PACWADS)
- Desulphurization and pollution control
- Coke oven gas purification

* the above lists of technologies/solutions within each vertical are not comprehensive. Other technologies are in use and/or in different stages of development.

Q4 2025 Production and Sales Highlights

Energy Transition

- **In December** [news release dated December 3, 2025], the Company announced the signing of a \$1.3 million contract with a European cement industry customer, for the supply of a plasma torch system for the electrification of a calcination furnace, used as part of the cement production process. A calcination furnace can be used for the high temperature processing of limestone, quicklime, and trona, to produce lime, clinker, and soda ash, all of which are key components of cement. The client is a global leader in mining and minerals within the cement industry. For this

project, the client is testing the use of a CO₂ powered plasma torch for 9 months as part of an existing multi-year initiative that aims to demonstrate that electric heating can substitute fossil fuel combustion in the cement industry.

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

Materials Production

- **In December** [news release dated December 8, 2025], the Company announced the signing of a half-tonne contract with a Global Aerospace Leader for the supply of titanium metal powder produced by PyroGenesis' NexGen™ plasma atomization process. This contract was achieved as part of a competitive bid process and represented the first order received since official supplier status was granted to PyroGenesis by the client after a multi-year certification process. The contract is for the supply of "coarse" cut Ti64 powder (particle size: 45-150µm [microns]). The powder is to be used as part of the customer's aerospace research and development program.
- **In December** [news release dated December 10, 2025], the Company announced the signing of an initial order of "fine cut" titanium powder produced by PyroGenesis' NexGen™ plasma atomization process. The customer is a contract manufacturer specializing in titanium-based additive manufacturing for the consumer product and healthcare industries. The contract is for the supply of "fine" cut Ti64 powder (particle size: 20-53µm [microns]), for use in the client's laser powder bed fusion ("LPBF") printing systems.
- **In December** [news release dated December 15, 2025], the Company the delivery of 3.5 tonnes of titanium powder under a new powder supply agreement with a U.S. minerals and metal technology company. The contract is for "off-cut" titanium (Ti64) powder, which are powders produced during PyroGenesis' plasma atomization process, but which are not currently being used by the existing range of commercial metal 3D-printers used in industrial additive manufacturing. PyroGenesis will supply the client on a recurring as-needed basis. The client uses their patented technologies to produce high performance alloys from titanium and other critical minerals that are essential for advanced U.S. industries, including space, aerospace, defense, consumer electronics, hydrogen, electric vehicles and additive manufacturing. The client produces alloys from a variety of sources, from original minerals through to certain metal powders.

Waste Processing

- **In December** [news release dated December 17, 2025], the Company announced the signing of an initial design phase contract with a European organization specializing in radioactive waste processing and nuclear decommissioning, toward the potential use of plasma in the destruction of low-level radioactive waste (LLW), which includes items that are contaminated by contact with radioactive products, systems, or processes, but that are not radioactive themselves, such as tools, gloves, paper, and rags, as well as some parts and components used within nuclear facilities. The contract will help define the technical specifications, sizing, and design parameters, for a potential subsequent engineering and build phase, for a plasma-equipped furnace and the related peripheral components required as part of the potential construction of a radioactive waste vitrification and treatment plant in Europe.
- **Post quarter-end, in January** [news release dated January 6, 2025], the Company announced it had signed an agreement with the national security and defense division of a U.S. multinational engineering infrastructure corporation, to jointly pursue contracts for the safe destruction of chemical weapons in Syria. Under this agreement, and if these pursuits are successful, PyroGenesis would provide its PACWADS technology (which uses high temperature electric plasma to eliminate a variety of dangerous biological warfare agents and chemicals, including sarin, mustard gas, soman, VX, and others), associated auxiliary systems, and various engineering, training, operational, and after-sale services, to various locations where required in conjunction with its defense partner, the Syrian government, and organizations related to the prohibition and remediation of chemical weapons. The exact number and scale of the PACWAD units required is to be determined during the upcoming tendering process.

Q4 Financial Highlights

- **In October** [news release dated October 1, 2025], the Company announced a non-brokered private placement in two unit groups. The first unit group comprised the issuance and sale of 6,666,665 units at a price of \$0.63 per unit, for aggregate gross proceeds of \$4,199,999. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.28 for a period of forty-eight (48) months following the closing date. It was expected that the Company's President and CEO, P. Peter Pascali, would subscribe for the majority, if not all, of this Unit group. The Second Unit Group was expected to comprise the issuance and sale of 4,000,000 units at a price of \$0.20 per unit, for approximate gross proceeds of \$800,000. Each warrant under this group entitles the holder to purchase one common share at a price of \$0.40 for a period of twenty-four (24) months following the closing date. The closings of both Unit Groups are expected to occur in up to three (3) tranches each.
- **In October** [news release dated October 16, 2025], the Company announced the closing of the first tranche of the first unit group of the non-brokered private placement. The Company's President and CEO, P. Peter Pascali, directly subscribed for the entire first tranche, representing an investment of approximately \$3,500,000, through the acquisition of 5,555,556 Units at a price of \$0.63 per Unit.
- **In October** [news release dated October 17, 2025], the Company announced the repricing and extension of up to 1,581,250 common share purchase warrants, from an exercise price of \$1.20 per share and an expiration date of November 18, 2025, to an exercise price of \$0.63 per share and an expiration date of July 17, 2026. The news terms also included an acceleration clause whereby if at any time before the July 17, 2026 expiry date, the closing price of the Company's common shares on the Toronto Stock Exchange was greater than \$0.80 (such amount being 127% of \$0.63) over any 3 consecutive trading days, the Company will be entitled, within 15 days of the occurrence of such event, to accelerate the expiry date of the Warrants to the date that is 30 days following the date that notice of such acceleration is provided.
- **In October** [news release dated October 29, 2025], the Company announced the closing of the first tranche of the second unit group of the non-brokered private placement, by issuing and selling an aggregate of 4,110,000 units of the Company at a price of \$0.20 per Unit, for gross

proceeds of approximately \$822,000 to the Company. This tranche was slightly oversubscribed. As of the time of this announcement, both Unit Groups remained open, notwithstanding the second unit group being slightly oversubscribed, with both Unit Groups expected to close in the subsequent week.

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

OUTLOOK

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

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

Overall Strategy

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

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

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

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

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

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

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

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 net 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 vertical 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 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 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 2026.

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

Enhanced Sales and Marketing

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

Macroeconomic Conditions

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

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

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

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

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

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

Business Line Developments

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

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

Financial

Payments for Outstanding Major Receivables:

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

Energy Transition

Alumina Calcination:

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

Super High-Powered Plasma Torch for Aluminum Producer:

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

Cement Production Calcination:

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

Aluminum Furnace Tests:

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

Ore Pelletization Torch Trials:

CLIENT B:

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

CLIENT C:

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

Materials Production

Fumed Silica Reactor ("FSR") Project:

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

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

Titanium Metal Powder:

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

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

- (i) During Q4, [news release dated December 10, 2025], the Company announced the signing of an initial order of "fine cut" titanium powder to a contract manufacturer specializing in titanium-based additive manufacturing for the consumer product and healthcare industries. The contract is for the supply of "fine" cut Ti64 powder (particle size: 20-53µm [microns]), for use in the client's laser powder bed fusion ("LPBF") printing systems.
- (ii) Also in Q4 [news release dated December 15, 2025], the Company the delivery of 3.5 tonnes of titanium powder under a new powder supply agreement with a U.S. minerals and metal technology company, for "off-cut" titanium (Ti64) powder, which are powders produced during PyroGenesis' plasma atomization process, but which are not currently being used by the existing range of commercial metal 3D-printers used in industrial additive manufacturing. The client produces alloys from a variety of sources, from original minerals through to certain metal powders.

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

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

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

Lithium Battery Material Recovery:

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

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

Lithium Production

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

Waste Processing

Drosrite Systems:

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

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

Hazardous Aerosol Treatment

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

Chemical Weapons Destruction (PACWADS):

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

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

Municipal Waste Destruction and Gasification System:

The Company is in negotiations with a company in India for a large waste destruction and biogas upgrading system.

Radioactive Waste Destruction:

In the Q2 2025 Outlook, it was stated that the Company is in negotiations with a major European entity for the use of plasma in the destruction of low-level radioactive waste, and that an announcement was expected in the near term. A design phase contract for this project was signed during Q4 2025 [news

release dated December 17, 2025], to help define the technical specifications, sizing, and design parameters, for a potential subsequent engineering and build phase for a plasma-equipped furnace (and the related peripheral components) required as part of the potential construction of a radioactive waste vitrification and treatment plant in Europe. The testing is expected to occur over Q1 and Q2 2026.

Plasma Torch System for Pyrolysis:

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

Plasma-Based Glass Valorization:

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

SPARC Refrigerant Waste Destruction System:

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

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

Energy Transition

4.5-Megawatt and 20 MW Plasma Torches for Aeronautics and Defense Client:

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

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

Plasma-Based Glass Recycling:

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

Plasma Torches for Metal Manufacturing:

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

Plasma Torches for Cement Industry Calcination:

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

Materials Production

Carbon Black from Pyrolysis of Fossil Fuel Derivative:

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

Titanium Metal Powder:

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

Business Line Developments: Long Term (> 6 months)

Energy Transition

Plasma Torches for Steel Manufacturing Process Steps:

The Company is in initial discussions with a European steel construction conglomerate for the use of plasma torches in various high temperature process steps.

Plasma Torches for Brick:

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

Plasma Torches for Steelmaking:

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

Plasma Torches for Alumina Calcination:

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

Plasma Torches for Global Chemical Firm:

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

Materials Production:

Green Cement Additive:

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

Silicon, Nano-Silicon, and Silica Production:

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

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

Waste Processing

Plasma Torch for Hazardous Waste Destruction:

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

Plasma Torches for Tunnel Boring:

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

Plasma Waste-to-Energy System / Resource Recovery System (PRRS):

The Company previously announced the signing of a 2-stage contract for a land-based plasma waste-to-energy system with a European consortium. The first stage consists of a conceptual and preliminary design phase for approximately \$2 million, which commenced in Q3 and was scheduled to last no more

than one year. The design of the Plasma Waste-to-Energy System is based on the Company's Plasma Resource Recovery System (PRRS), a waste-to-energy technology that eliminates toxic compounds while transforming waste into reusable products such as syngas and chemicals such as methanol. This project is currently on hold as the client lost its first stage financing. The client is looking for alternate funds. Until such time as those funds have been secured and the project restarted, \$2 million was removed from the Company's reported backlog during Q4 2024. There was no significant movement in Q4 2025

Plasma Torches for 3rd Party Waste-to-Energy Systems:

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

**** Please note that projects or potential projects previously announced that do not appear in the above summary updates should not be considered 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 presented milestones or client updates worthy of discussion or update.**

FURTHER INFORMATION

Additional information relating to Company and its business, including the 2025 consolidated financial statements, the Annual Information Form and other filings that the Company has made and may make in the future with applicable securities authorities, may be found on or through SEDAR+ at www.sedarplus.ca, or the Company's website at www.pyrogenesis.com.

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