

PyroGenesis Inc.

Management's Discussion and Analysis

As at September 30, 2025 and for the three and nine-month periods ended September 30, 2025 and 2024

(Unaudited)

This management's discussion and analysis ("MD&A") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of PyroGenesis Inc. ("PyroGenesis", or the "Company"). The MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the three and nine-month periods ended September 30, 2025. The MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Requirements, and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended December 31, 2024.

The condensed consolidated interim financial statements and MD&A have been reviewed by PyroGenesis' Audit Committee and were approved by its Board of Directors on November 11, 2025. The Board of Directors is responsible for ensuring that the Company fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of independent directors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the MD&A and financial statements for issuance to shareholders.

The following information takes into account all material events that took place up until November 11, 2025, the date on which the Company's Board of Directors approved this MD&A. Unless otherwise indicated, all amounts are presented in Canadian dollars. The Company's functional and reporting currency is the Canadian dollar.

Additional information regarding PyroGenesis is available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca, the Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") at www.sec.gov (up until the NASDAQ voluntary delisting in November 2023) 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 the 2024 annual MD&A and the Annual Information Form of the Company dated March 31, 2025, (the "Annual Information Form") and elsewhere in this MD&A and other filings that the Company has made and may make in the future with applicable securities regulatory authorities. We caution that the foregoing list of factors is not exhaustive, and that, when

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

NON-IFRS MEASURES

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

We use non-IFRS measures, including EBITDA and Modified EBITDA, both of which are not considered an alternative to income or loss from operations, or to net earnings or loss, in the context of measuring a company's performance. EBITDA is used by management in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. Management believes that EBITDA is used by investors as it provides supplemental measures of operating performance and thus highlights trends in our business that may not otherwise be apparent when relying solely on IFRS measures, and to compare the results of our operations with other entities that have similar structures. Management uses Modified EBITDA as it brings additional clarity to operating performance, and 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 for 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, its 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 define Modified EBITDA as EBITDA and adjust for non-cash items namely share-based payments expenses and changes in fair value of strategic investments. See "Results of Operations - Reconciliation of Non-IFRS measures (EBITDA and Modified EBITDA)".

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

OVERVIEW

PyroGenesis Inc. is a leader in the design, development, manufacture and commercialization of advanced plasma processes. We provide engineering and manufacturing expertise, cutting-edge contract research, as well as turnkey process equipment packages to the defense, metallurgical, mining, additive manufacturing (including 3D printing), oil & gas, and environmental industries. With a team of experienced engineers, scientists and technicians working out of our Montreal office and our 40,902 sq. ft. (3,800 m²) and 31,632 sq. ft. (2,940 m²)

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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 subsidiary, Pyro Green-Gas Inc. which is present in Canada, Italy and India offers technologies, equipment, and expertise in the area of biogas upgrading, and air pollution control. Pyro Green-Gas provides potential synergies with our current land-based waste destruction offerings. Our common shares are listed on the Toronto Stock Exchange (TSX) (Ticker Symbol: PYR) and tradeable through the OTCQX Best Market (Ticker Symbol: PYRGF) and the Frankfurt Stock Exchange (FSX) (Ticker symbol: 8PY1). In November 2023, the Company's Common Shares were voluntarily delisted from NASDAQ (see "Market for Securities – Delisting from NASDAQ" in the Annual Information Form).

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.

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INFORMATION FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE QUARTERS ENDED SEPTEMBER 30 (expressed in dollars):

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Revenues	3,249,540	4,002,689	(753,149)	9,244,722	11,428,183	(2,183,461)
Cost of sales and services	2,475,194	2,330,052	145,142	6,001,627	7,874,558	(1,872,931)
Gross profit	774,346	1,672,637	(898,291)	3,243,095	3,553,625	(310,530)
Expenses						
Selling, general and administrative (excluding share-based compensation expenses)	2,499,616	4,778,297	(2,278,681)	9,675,225	8,778,040	897,185
Research and development, net	201,834	218,182	(16,348)	935,991	713,790	222,201
Total expenses (excluding share-based compensation expenses)	2,701,450	4,996,479	(2,295,029)	10,611,216	9,491,830	1,119,386
Net loss from operations (excluding share-based compensation expenses)	(1,927,104)	(3,323,842)	1,396,738	(7,368,121)	(5,938,205)	(1,429,916)
Share-based compensation expenses	64,631	178,535	(113,904)	217,418	953,528	(736,110)
Net loss from operations	(1,991,735)	(3,502,377)	1,510,642	(7,585,539)	(6,891,733)	(693,804)
Changes in fair market value of strategic investments and net financial expenses (income)	266,809	338,953	(72,144)	1,850,506	1,108,672	741,834
Gain from settlement	—	—	—	—	(1,180,335)	1,180,335
Net income (loss)	(2,258,544)	(3,841,330)	1,582,786	(9,436,045)	(6,820,070)	(2,615,975)
Foreign currency translation loss on investments in foreign operations	(228,302)	(65,738)	(162,564)	(528,742)	(79,035)	(449,707)
Comprehensive loss	(2,486,846)	(3,907,068)	1,420,222	(9,964,787)	(6,899,105)	(3,065,682)
Loss per share						
Basic	(0.01)	(0.02)	0.01	(0.05)	(0.04)	(0.01)
Diluted	(0.01)	(0.02)	0.01	(0.05)	(0.04)	(0.01)
Modified EBITDA⁽¹⁾	(1,890,335)	(2,958,891)	1,068,556	(6,992,762)	(3,698,255)	(3,294,507)

⁽¹⁾ See "Non-IFRS Measures"

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INFORMATION FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE QUARTERS ENDED SEPTEMBER 30 (expressed in dollars):

	Three months ended September 30			Nine months ended September 30		
	2025	2024	2023	2025	2024	2023
Revenues	3,249,540	4,002,689	3,685,725	9,244,722	11,428,183	9,316,826
Cost of sales and services	2,475,194	2,330,052	2,586,333	6,001,627	7,874,558	6,579,046
Gross profit	774,346	1,672,637	1,099,392	3,243,095	3,553,625	2,737,780
Expenses						
Selling, general and administrative (excluding share-based compensation expenses)	2,499,616	4,778,297	6,935,772	9,675,225	8,778,040	19,174,507
Research and development, net	201,834	218,182	680,889	935,991	713,790	1,746,790
Total expenses (excluding share-based compensation expenses)	2,701,450	4,996,479	7,616,661	10,611,216	9,491,830	20,921,297
Loss from operations (excluding share-based compensation expenses)	(1,927,104)	(3,323,842)	(6,517,269)	(7,368,121)	(5,938,205)	(18,183,517)
Share-based compensation expenses	64,631	178,535	653,902	217,418	953,528	2,383,004
Loss from operations	(1,991,735)	(3,502,377)	(7,171,171)	(7,585,539)	(6,891,733)	(20,566,521)
Changes in fair market value of strategic investments and net financial expenses (income)	266,809	338,953	(942,879)	1,850,506	1,108,672	(1,850,884)
Gain from settlement	—	—	—	—	(1,180,335)	—
Loss from operations	(2,258,544)	(3,841,330)	(6,228,292)	(9,436,045)	(6,820,070)	(18,715,637)
Foreign currency translation loss on investments in foreign operations	(228,302)	(65,738)	(28,000)	(528,742)	(79,035)	(31,980)
Comprehensive loss	(2,486,846)	(3,907,068)	(6,256,292)	(9,964,787)	(6,899,105)	(18,747,617)
Loss per share						
Basic	(0.01)	(0.02)	(0.03)	(0.05)	(0.04)	(0.10)
Diluted	(0.01)	(0.02)	(0.03)	(0.05)	(0.04)	(0.10)
Modified EBITDA¹⁾	(1,890,335)	(2,958,891)	(5,982,767)	(6,992,762)	(3,698,255)	(16,569,766)

SELECTED FINANCIAL INFORMATION (expressed in dollars)

	September 30, 2025	December 31, 2024	December 31, 2023
Current assets	9,672,954	19,351,220	16,803,425
Non-current assets	9,267,739	9,849,455	11,631,926
Total assets	18,940,693	29,200,675	28,435,351
Current liabilities	24,960,136	28,567,765	23,811,144
Non-current liabilities	4,848,271	4,096,298	7,452,784
Total liabilities	29,808,407	32,664,063	31,263,928
Shareholders' equity (deficiency)	(10,867,714)	(3,463,388)	(2,828,577)

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FINANCIAL CONDITION (expressed in dollars)

	September 30, 2025	December 31, 2024	Variation 2025 vs 2024
<i>Current Assets</i>			
Cash	100,349	2,975,461	(2,875,112)
Accounts receivable	3,803,739	9,624,611	(5,820,872)
Costs and profits in excess of billings on uncompleted contracts	1,073,984	1,209,479	(135,495)
Inventory	2,543,460	2,542,633	827
Investment tax credits receivable	97,263	237,616	(140,353)
Income tax receivable	15,690	16,810	(1,120)
Current portion of deposits	759,237	693,729	65,508
Current portion of royalties receivable	242,687	1,041,419	(798,732)
Contract assets	447,112	441,991	5,121
Prepaid expenses	589,433	567,471	21,962
Total Current Assets	9,672,954	19,351,220	(9,678,266)
<i>Non-Current assets</i>			
Deposits	99,238	99,238	—
Strategic investments	46,161	30,774	15,387
Property and equipment	2,533,161	2,838,810	(305,649)
Right-of-use-assets	4,215,727	4,763,389	(547,662)
Royalties receivable	577,867	529,137	48,730
Intangible assets	1,795,585	1,588,107	207,478
Total Non-Current Assets	9,267,739	9,849,455	(581,716)
<i>Current Liabilities</i>			
Bank indebtedness	—	88,046	(88,046)
Accounts payable and accrued liabilities	11,829,782	12,855,422	(1,025,640)
Billings in excess of costs and profits on uncompleted contracts	8,919,425	9,010,451	(91,026)
Current portion of term loans	90,000	90,000	—
Current portion of lease liabilities	2,379,651	2,571,377	(191,726)
Current portion of balance due on business combination	771,120	1,787,271	(1,016,151)
Current portion of convertible debentures	970,158	1,021,596	(51,438)
Current portion of convertible loan	—	1,143,602	(1,143,602)
Total Current Liabilities	24,960,136	28,567,765	(3,607,629)
<i>Non-current Liabilities</i>			
Lease liabilities	3,170,585	3,204,091	(33,506)
Term loans	173,467	218,774	(45,307)
Convertible debentures	—	673,433	(673,433)
Secured loan	1,504,219	—	1,504,219
Total Non-Current Liabilities	4,848,271	4,096,298	751,973

Working capital, (expressed as current assets less current liabilities) varied since December 31, 2024, by \$6.1 million, mainly a result of:

- a decrease of cash of \$2.9 million, explained in the section Summary of Cash Flows,
- a decrease of \$5.8 million of accounts receivable, primarily due to a \$6.1 million reduction in trade receivables, with the most significant improvement occurring in balances outstanding for more than 90 days, as a result of the HPQ Silicon accounts receivable being exchanged for shares in early 2025. Additionally, the allowance for expected credit losses declined by \$0.7 million, reflecting the successful recovery of a previously provisioned receivable. Other receivables decreased by \$0.2 million, largely attributable to collections, while sales tax receivables declined by \$0.3 million upon collection of a federal refund,

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- a decrease of \$0.1 million in costs and profits in excess of billings on uncompleted contracts, reflecting the timing of project milestones and related billing activities,
- a decrease of \$0.1 million in investment tax credits receivable, primarily due to the collection of previously recognized credits and lower eligible expenditures, resulting in fewer credits earned during the period,
- a decrease of \$0.8 million in current portion of royalties receivable, resulting from the debt-to-equity conversion with HPQ Silicon Inc., to settle prior year unpaid royalties, with the issuance of shares,
- a decrease of \$1.0 million in accounts payable and accrued liabilities, primarily due to timing of supplier payments,
- a decrease of \$0.2 million in the current portion of lease liabilities is primarily due to leases approaching their maturity and as regular repayment of lease obligations are disbursed,
- a decrease of \$1.0 million in current portion of balance due on the business combination is primarily due to the reversal of a 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, and;
- a decrease of \$1.1 million in current portion of convertible loan, due to the conversion of the entire loan balance into Common shares of the Company, as a result, 2,541,683 Common shares were issued in February 2025.

Non-current assets varied since December 31, 2024, by \$0.6 million, mainly a result of:

- a decrease of property and equipment of \$0.3 million due to recurring depreciation,
- a decrease of \$0.5 million in right-of-use-assets due to the depreciation expense in the period, and,
- an increase of \$0.2 million in intangible assets, attributable to the capitalization of additional patent-related expenditures.

Non-current liabilities varied since December 31, 2024, by \$0.8 million, mainly a result of:

- a decrease of \$0.7 million in convertible debentures due to the principal repayment of \$0.9 million, including \$0.2 million settled in common shares, offset by the interest and accretion of \$0.2 million incurred during the nine-month period ended September 30, 2025. The total obligation is presented as a current liability given that it is payable in less than twelve months and,
- an increase of \$1.5 million in secured loan primarily due to the successful closing of a \$2.4 million non-brokered loan with a related party.

RESULTS OF OPERATIONS

Revenues (expressed in dollars)

PyroGenesis recorded revenue of \$3.2 million in the third quarter of 2025 ("Q3, 2025"), representing a decrease of \$0.8 million compared with \$4.0 million recorded in the third quarter of 2024 ("Q3, 2024"). Revenue for the nine-month period ended September 30, 2025, was \$9.2 million, a decrease of \$2.2 million over revenue of \$11.4 million in the same period of 2024.

Revenues recorded in the three and nine-months ended September 30, 2025, were generated primarily from:

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	94,874	221,627	(126,753)	390,978	717,861	(326,883)
Aluminium and zinc dross recovery (DROSRITE™)	441,451	503,230	(61,779)	735,425	1,493,918	(758,493)
Development and support related to systems supplied to the U.S. Navy	234,094	344,540	(110,446)	598,035	1,626,149	(1,028,114)
Torch-related sales	753,852	1,310,709	(556,857)	2,509,213	4,979,766	(2,470,553)
Refrigerant destruction (SPARC™)	587,922	705,027	(117,105)	1,197,830	956,918	240,912
Biogas upgrading and pollution controls	1,027,519	691,941	335,578	3,219,863	899,950	2,319,913
Other sales and services	109,828	225,615	(115,787)	593,378	753,621	(160,243)
Revenue	3,249,540	4,002,689	(753,149)	9,244,722	11,428,183	(2,183,461)

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Q3, 2025 revenues decreased by \$0.8 million, mainly as a result of:

- PUREVAP™ related sales decreased by \$0.1 million due to the completion of the project, whereby lower revenue was expected,
- Development and support related to systems supplied to the U.S Navy decreased by \$0.1 million due to the current stage of the project, as we prepare for the installation and commissioning phase of the project,
- Torch-related products and services decreased by \$0.6 million, primarily attributable to reduced project activity, resulting from the completion of several significant projects in the prior year that did not repeat in the current period,
- SPARC™ related sales decreased by \$0.1 million, reflecting the transition of the project from the fabrication stage to the installation and commissioning phase, with onsite installation supervision activities completed by the end of the period ended September 30, 2025,
- Biogas upgrading and pollution controls increased by \$0.3 million due to the project advancement of the Company's gas desulfurization projects.

During the nine-month period ended September 30, 2025, revenues varied by \$2.2 million, mainly as a result of:

- PUREVAP™ related sales decreased by \$0.3 million as the Company remains in the pilot and pre-commercialization phase, working primarily with HPQ Silicon and engaging additional potential clients, while commercial discussions are underway, revenue contributions remain limited as projects transition from validation to potential market adoption,
- DROSRITE™ related sales decreased by \$0.8 million due to lower spare parts orders from existing clients and the reduced storage revenue and other ancillary revenue related to the DROSRITE units, partially offset from the ongoing commissioning of the systems with the Company's client in the Middle East,
- Development and support related to systems supplied to the U.S Navy decreased by \$1.0 million due to the current stage of the project. Whereas, in the comparable period, significant advancement was made related to inspection, packaging and shipment of the equipment to our customer in order to move forward with installation and commissioning, in addition to the increase in fabrication and delivery of spare parts and engineering services to clients that are third-party suppliers of the US Navy,
- Torch-related products and services decreased by \$2.5 million as a result of fewer project completions compared to the same period in the prior year, which included multiple high-value system deliveries. This was partially offset by the new contracts secured in 2025, with engineering, design and procurement completed, and projects now in the fabrication phase ahead of scheduled deliveries on the first half of 2026,
- SPARC™ related sales increased by \$0.2 million, reflecting higher activity levels, driven by the project's transition from fabrication to installation and commissioning and the completion of key onsite milestones contributed to higher revenue recognized,
- Biogas upgrading and pollution controls related sales increased by \$2.3 million as a result of new project commissioning and growing market demand for emissions control solutions.

As of November 11, 2025, revenue expected to be recognized in the future related to backlog of signed and/or awarded contracts is \$51.6 million,¹ of which 81% is in US dollars. Revenue will be recognized as the Company satisfies its performance obligations under long-term contracts, which are expected to occur over a maximum period of approximately 3 years.

⁽¹⁾ This excludes the contract with Varennes Carbon Recycling following the March 21, 2025, announcement that the company managing the project filed for protection under the Companies Creditor Arrangement Act.

Cost of Sales and Services and Gross Profit (expressed in dollars)

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenues	3,249,540	4,002,689	9,244,722	11,428,183
Cost of Sales and Services	2,475,194	2,330,052	6,001,627	7,874,558
Gross Profit	774,346	1,672,637	3,243,095	3,553,625
Gross Margin %	24%	42%	35%	31%

Cost of sales and services totaled \$2.5 million in Q3 2025, representing an increase of \$0.2 million compared to \$2.3 million for the same period in 2024. The increase was primarily driven by higher subcontracting costs, which rose by \$0.2 million as the Company engaged third-party resources to meet production and project requirements. Direct materials costs also increased by \$0.2 million, reflecting higher level material received and increased usage in certain product lines.

These increases were partially offset by reductions in employee compensation, which decreased by \$0.2 million due to lower headcount and temporary labor adjustments. Manufacturing overhead and other costs declined by \$0.1 million, reflecting improved operational efficiency. A slight decrease in amortization of intangible assets was offset by a slight increase in investment tax credits increasing slightly.

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Overall, the net increase in total costs reflects higher material and subcontracting expenses, partially mitigated by lower employee and overhead costs.

Gross profit for Q3 2025 was \$0.8 million, representing 24% of revenue, compared to \$1.7 million, or 42% of revenue, in Q3 2024. The decline in gross margin was primarily due to higher direct material and subcontracting costs and lower sales volume. These impacts were partially offset by lower employee related expenses and ongoing efficiency initiatives that helped mitigate cost pressures.

During the nine-months ended September 30, 2025, cost of sales and services totaled \$6.0 million, representing a decrease of \$1.9 million compared to \$7.9 million for the same period in 2024. The decrease was largely driven by a significant reduction in direct materials costs of \$1.6 million, reflecting lower production volumes consistent with decreased sales in key product lines. Employee compensation decreased by \$0.4 million, due to reduced headcount and cost optimization measures. Manufacturing overhead and other costs declined by \$0.2 million, reflecting improved efficiency and lower facility-related costs. Partially offsetting these decreases, subcontracting costs increased by \$0.4 million as specialized external support was required to deliver certain projects. Investment tax credits increased slightly, providing a minor offset.

Amortization of intangible assets also declined by \$0.08 million. This expense variation relates mainly to the intangible assets in connection with the Pyro Green-Gas acquisition, which have been fully amortized by January 2024. These expenses were non-cash items, and the remaining intangible assets are composed of patents, and deferred development costs that will be amortized over the expected useful lives.

Gross profit for the nine-months ended September 30, 2025, was \$3.2 million, representing 35% of revenue, compared to \$3.6 million, or 31% of revenue for the nine-months ended September 30, 2024. The increase in gross margin was primarily due to the reduction in total costs and primarily reflects lower production volumes and efficiency gains, partially offset by higher subcontracting expenses.

The mix between labour, materials and subcontracts may be significantly different 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. 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 September 30		Variation 2025 vs 2024	Nine months ended September 30		Variation 2025 vs 2024
	2025	2024		2025	2024	
Employee compensation	2,002,835	2,385,612	(382,777)	6,366,712	7,198,463	(831,751)
Share-based compensation expenses	64,631	178,535	(113,904)	217,418	953,528	(736,110)
Professional fees	300,756	544,979	(244,223)	1,189,869	1,817,625	(627,756)
Office and general	267,274	220,431	46,843	712,830	823,615	(110,785)
Travel	71,893	45,486	26,407	188,025	165,999	22,026
Depreciation of property and equipment	68,429	86,752	(18,323)	317,158	298,792	18,366
Depreciation of right-of-use assets	182,554	327,614	(145,060)	547,661	720,223	(172,562)
Investment tax credits	—	—	—	—	21,110	(21,110)
Government grants	(15,551)	(206,228)	190,677	(49,230)	(131,272)	82,042
Insurance and other expenses	73,195	517,326	(444,131)	913,149	1,479,881	(566,732)
Foreign exchange loss (gain)	(66,547)	108,835	(175,382)	46,930	(268,049)	314,979
Expected credit loss & bad debt	(385,222)	747,490	(1,132,712)	(557,879)	(3,348,347)	2,790,468
Total selling, general and administrative	2,564,247	4,956,832	(2,392,585)	9,892,643	9,731,568	161,075

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.

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SG&A expenses totaled \$2.6 million in Q3 2025, compared to \$5.0 million in the same period in 2024, representing a decrease of \$2.4 million. The year-over-year change was primarily attributable to a \$1.1 million decrease in the expected credit loss and bad debt recorded in the prior year, which had significantly increased SG&A expenses in Q3 2024. Excluding this item, SG&A expenses declined modestly across most categories. Employee compensation decreased by \$0.4 million, driven by lower headcount and organizational cost reductions. Share-based compensation declined by \$0.1 million due to fewer grants issued and lower valuation of new awards. Professional fees were down \$0.2 million, reflecting reduced reliance on external advisors and consultants. Depreciation of right-of-use assets declined by \$0.1 million, and insurance and other expenses decreased by \$0.4 million, reflecting ongoing cost control measures and improved operational efficiency. Foreign exchange contributed a favorable variance of \$0.2 million, reflecting a gain in the current quarter compared to a loss in the prior year. Government grant income declined by \$0.2 million as no grants were recognized in the current period.

During the nine-month period ended September 30, 2025, SG&A expenses totaled \$9.9 million, an increase of \$0.2 million from \$9.7 million in the prior year period. The increase was largely due to a \$2.8 million reduction in the expected credit loss recovery recognized in the prior year, which had favorably impacted 2024 results. Excluding this item, overall SG&A expenses were lower in 2025, reflecting cost containment initiatives. Employee compensation decreased by \$0.8 million, and share-based compensation declined by \$0.7 million, both reflecting workforce optimization and a reduction in new equity-based awards. Professional fees were \$0.6 million lower due to reduced external legal and advisory support. Travel costs remained relatively flat, while depreciation of right-of-use assets decreased by \$0.2 million due to ongoing use of leased premises. Government grant income was lower by \$0.08 million due to the absence of program funding in 2025. Foreign exchange losses of \$0.05 million were recorded in 2025 compared to a \$0.3 million gain in the prior year, resulting in an unfavorable variance of \$0.3 million. Overall, the increase in SG&A expenses for the nine-month period was almost entirely attributable to the non-recurrence of prior year credit loss recoveries and unrealized foreign exchange.

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

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

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Employee compensation	171,120	162,255	8,865	517,324	494,564	22,760
Investment tax credits	(17,723)	(11,784)	(5,939)	(30,441)	(21,448)	(8,993)
Subcontracting	8,215	—	8,215	11,588	—	11,588
Materials and equipment	38,218	65,626	(27,408)	382,776	230,267	152,509
Other expenses	2,004	2,085	(81)	54,744	10,407	44,337
Total net R&D expenses, net	201,834	218,182	(16,348)	935,991	713,790	222,201

During the three-months ended September 30, 2025, the Company incurred \$0.2 million of R&D costs on internal projects, a slight decrease and comparable to Q3 2024 activities.

During the nine-months ended September 30, 2025, the Company incurred \$0.9 million of R&D costs on internal projects, an increase of \$0.2 million when compared to the same period in the prior year. The increase was primarily attributable to higher expenditures across most categories to support ongoing development activities which occurred in the earlier part of 2025.

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).

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Finance Expenses (income), net (expressed in dollars)

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Financial expenses						
Interest on lease liabilities	59,349	68,764	(9,415)	184,152	197,645	(13,493)
Interest on convertible debentures	33,843	60,600	(26,757)	133,155	188,365	(55,210)
Interest on convertible loan	—	9,583	(9,583)	5,313	28,541	(23,228)
Interest on secured loan	29,812	—	29,812	46,161	—	46,161
Interest accretion of long-term loan	7,019	8,487	(1,468)	22,193	(5,951)	28,144
Interest accretion of convertible debentures	35,859	34,654	1,205	126,050	171,266	(45,216)
Interest accretion of convertible loan	—	50,512	(50,512)	30,908	142,464	(111,556)
Interest accretion of secured loan	55,274	—	55,274	91,605	—	91,605
Penalties and other interest	47,962	57,872	(9,910)	193,469	135,638	57,831
	269,118	290,472	(21,354)	833,006	857,968	(24,962)
Financial income						
Interest accretion on and revaluation of balance due on business combination	—	77,614	(77,614)	(1,016,151)	92,405	(1,108,556)
Interest accretion of royalties receivable	(24,002)	(24,004)	2	(69,194)	(69,441)	247
Financial expenses (income), net	245,116	344,082	(98,966)	(252,339)	880,932	(1,133,271)

Net financial expense for Q3 2025 totaled \$0.2 million as compared to \$0.3 million in the same period of 2024, representing a favorable variance of \$0.1 million. The improvement was primarily driven by lower interest accretion on the convertible loan, following its conversion in Q1 2025, as well as interest on the convertible debenture as the liability is reduced as well as a reduction in interest on the balance due from the business combination. These decreases were partially offset by higher interest and accretion on the secured loan issued in Q2 2025.

During the nine-month period ended September 30, 2025, the net financial income of \$0.3 million, compared to net financial expenses of \$0.9 million for the same period in 2024, reflects a favorable variance of \$1.1 million. This improvement was largely attributable to a \$1.1 million non-cash gain related to the revaluation of contingent consideration on a past business combination, compared to a \$0.09 million expense in the prior year.

Interest accretion on convertible instruments declined during the nine-months ended September 30, 2025, with accretion on convertible debentures decreasing by \$0.05 million and accretion on convertible loans decreasing by \$0.1 million. These decreases were partially offset by accretion on the long-term loan and the secured loan, the latter of which was not present in the prior year. The current year also included a net decrease of \$0.04 million in interest, after offsetting the increase in interest related to the secured loan. Additionally, penalties and other interest increased by \$0.06 million.

The Company also recorded a \$0.07 million accretion gain on royalties receivable in both years, with no material variance. On a year-to-date basis, the increase in financial income reflects a shift from net interest and accretion expenses in the prior year to a gain position in 2025, primarily due to favorable non-cash revaluation adjustments and reduced financing costs.

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Strategic Investments (expressed in dollars)

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Changes to fair value of strategic investments	<u>21,693</u>	<u>(5,129)</u>	<u>26,816</u>	<u>2,102,845</u>	<u>227,740</u>	<u>1,875,100</u>

During the three-months ended September 30, 2025, the adjustment to fair market value of strategic investments for Q3, 2025 resulted in a loss of \$0.02 million compared to a gain in the amount of \$0.005 million in Q3, 2024, a variation of \$0.03 million.

During the nine-months ended September 30, 2025, the adjustment to fair market value of strategic investments resulted in a loss of \$2.1 million compared to a loss of \$0.2 million for the same period in the prior year, a variation of \$1.9 million. The increase in loss is attributable to the variation of the market value of the common shares owned by the Company of HPQ Silicon Inc. and the fair value of the warrants. The decrease in stock price was greater in Q3 2025 than in the same period last year, and a larger number of units were held in 2025.

Other Income

During the nine-months ended September 30, 2024, Other Income includes a gain on settlement of legal proceedings with a third party which was also a customer of the Company's subsidiary, Pyro Green-Gas. As a result, the Company received a settlement of \$1.5 million and recognized a gain of \$1,180,335 and the remainder as a reduction of accounts receivable.

Comprehensive Income (loss) (expressed in dollars)

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Comprehensive loss	<u>(2,486,846)</u>	<u>(3,907,068)</u>	<u>1,420,222</u>	<u>(9,964,787)</u>	<u>(6,899,105)</u>	<u>(3,065,682)</u>

The comprehensive loss for the three-months ended September 30, 2025, totaled \$2.5 million, compared to net loss of \$3.9 million for the same period in 2024, representing an improvement of \$1.4 million. The reduction in net loss was primarily attributable to a significant decrease in operating expenses, partially offset by lower revenue and gross profit associated with ongoing execution activities during the quarter. Factors contributing to the loss include project timing differences, higher costs related to ongoing initiatives, and certain one-time charges incurred during the period. These elements collectively impacted the Company's profitability and resulted in the reported net loss.

The comprehensive loss for the nine-months ended September 30, 2025, totaled \$10.0 million, compared to a loss of \$6.9 million in the same period in 2024, reflecting an increased loss of \$3.1 million year over year. The larger loss over the nine-month period was caused by the timing of revenue and associated project costs, and the favourable non-cash expense reversals of 2024. Finally, the loss from the change in value of the strategic investment in 2025, and the Other Income from 2024 directly contributed to this variation.

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

	Three months ended September 30		Variation 2025 vs 2024	Nine months ended September 30		Variation 2025 vs 2024
	2025	2024		2025	2024	
Comprehensive loss	(2,486,846)	(3,907,068)	1,420,222	(9,964,787)	(6,899,105)	(3,065,682)
Depreciation of property and equipment	68,429	86,752	(18,323)	317,158	298,792	18,366
Depreciation of right-of-use assets	182,554	327,614	(145,060)	547,661	720,223	(172,562)
Amortization of intangible assets	14,088	16,323	(2,235)	39,282	119,635	(80,353)
Financial expenses (income), net	245,116	344,082	(98,966)	(252,339)	880,932	(1,133,271)
EBITDA¹	(1,976,659)	(3,132,297)	1,155,638	(9,313,025)	(4,879,523)	(4,433,502)
Other non-cash items:						
Share-based compensation expenses	64,631	178,535	(113,904)	217,418	953,528	(736,110)
Change in fair value of investments	21,693	(5,129)	26,822	2,102,845	227,740	1,875,105
Modified EBITDA¹	(1,890,335)	(2,958,891)	1,068,556	(6,992,762)	(3,698,255)	(3,294,507)

⁽¹⁾ See "Non-IFRS Measures"

The EBITDA in Q3, 2025 was a loss of \$2.0 million compared to an EBITDA loss of \$3.1 million for Q3, 2024, representing a favorable variance of \$1.2 million year over year. The quarter also benefited from an improvement in comprehensive loss of \$1.4 million, however the improvement in EBITDA has improved by \$1.2 million due to lower amounts of depreciation and financial expenses added back.

Depreciation and amortization expenses declined year-over-year, with depreciation of property and equipment and right-of-use assets down by \$0.02 million and \$0.1 million, respectively. Amortization of intangible assets decreased slightly due to the full amortization of certain assets in 2024. In addition, financial expenses decreased by \$0.1 million, primarily due to the absence of interest accretion on the balance due from the prior business combination.

The Modified EBITDA, which adjusts for non-cash items such as share-based compensation and changes in the fair value of strategic investment, was a loss of \$1.9 million in Q3 2025, compared to Modified EBITDA loss of \$3.0 million in Q3 2024. The \$1.1 million variation was primarily due to lower EBITDA loss and further adjusting for a smaller share-based compensation expense.

The EBITDA during the nine-month period ended September 30, 2025, was a loss \$9.3 million compared to a loss of \$4.9 million in the same period in 2024, representing a variance of \$4.4 million. This change reflects the year-to-date impact of a larger comprehensive loss while subtracting a smaller depreciation expense and deducting a financial income in 2025.

Depreciation of property and equipment increased by \$0.02 million, while depreciation of right-of-use assets declined by \$0.2 million. Amortization of intangible assets was lower, down \$0.08 million, reflecting the completion of amortization on certain prior-period intangibles. Financial income improved by \$1.1 million year-over-year, driven by the fair value remeasurement gain on contingent consideration.

The Modified EBITDA during the nine-month period ended September 30, 2025, was a loss of \$7.0 million, compared to a loss of \$3.7 million in 2024, representing a variance of \$3.3 million. The year-over-year change reflects lower profitability and higher operating expenses. Although the Company recognized a \$2.1 million loss on the fair value of strategic investments during the first nine-months of 2025, this was partially offset by a \$0.7 million reduction in share-based compensation and temporary decline in core operating performance.

The Modified EBITDA, which considers non-cash items, for both the three and nine-month periods ended September 30, 2025, do not reflect an adjustment for the gain on legal settlement presented in Other Income and is an item that the Company does not expect to occur regularly.

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SUMMARY OF QUARTERLY RESULTS (expressed in dollars)

	2025			2024				2023
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	3,249,540	3,007,647	2,987,535	4,224,138	4,002,689	3,939,098	3,486,397	3,028,255
Gross profit	774,346	1,670,266	2,189,052	1,745,562	1,672,637	1,124,643	756,345	1,745,562
Gross margin %	24%	56%	27%	41%	42%	29%	22%	41%
Comprehensive income (loss)	(2,486,846)	(3,110,464)	(4,367,477)	115,564	(3,907,068)	1,413,849	(4,405,885)	(9,768,239)
Earnings (loss) per share								
Basic	(0.01)	(0.02)	(0.02)	0.00	(0.02)	0.01	(0.02)	(0.06)
Diluted	(0.01)	(0.02)	(0.02)	0.00	(0.02)	0.01	(0.02)	(0.06)

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

SUMMARY OF CASH FLOWS (expressed in dollars)

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Cash provided by (used in) operating activities	(1,731,113)	(4,990,706)	(6,109,848)	(5,552,291)
Cash provided by (used in) investing activities	997,036	(88,418)	2,568,661	2,090,922
Cash provided by (used in) financing activities	(362,918)	1,702,426	690,713	1,685,021
Effect of exchange rate changes on cash denominated in foreign currency	1,891	(24,825)	(24,638)	12,448
Decrease in cash	(1,095,104)	(3,401,523)	(2,875,112)	(1,763,900)
Cash - end of period	100,349	38,716	100,349	38,716

During the three-months ended September 30, 2025, cash flow used by operating activities was \$1.7 million compared to cash flow used of \$5.0 million for the same period in the prior year. The use of cash during Q3, 2025, consists of the net loss of \$2.3 million (Q3, 2024 – net loss of \$3.8 million) plus adjustments for operating activities of \$0.3 million (Q3, 2024 – net change of \$2.2 million). The variation in cash used was primarily due to timing differences in project-related receipts and payments, including reduced working capital requirements and collection of outstanding receivables during the quarter.

Investing activities resulted in a net source of funds of \$1.0 million in Q3, 2025, compared to \$0.09 million of funds used in Q3 2024. The increase primarily reflects higher proceeds from strategic investments.

Financing activities in Q3, 2025, resulted in a use of funds of \$0.4 million, compared with a source of funds of \$1.7 million for the same period in 2024. The change primarily is from the 2024 proceeds from a private placement, proceeds from exercise of warrants, and offset by a repayment of a loan to a shareholder.

The net cash position of the Company decreased by \$1.1 million for Q3, 2025, compared to an increase of \$3.4 million for Q3, 2024.

During the nine-months ended September 30, 2025, cash flow used by operating activities was \$6.1 million compared to cash flow used of \$5.6 million for the same period in the prior year. The cash provided consists of the net loss of \$9.4 million (2024 – net loss of \$6.8 million) plus adjustments for operating activities of \$2.5 million (nine-month period ended September 30, 2024 - \$3.3 million), including a net change in non-cash operating working capital items of \$0.8 million (2024 – net change of \$2.0 million). The variation in cash used primarily reflects variations in project activity levels, timing of milestone billings, and changes in working capital, particularly higher payments related to project execution and fabrication activities during the nine-months ended September 30, 2025.

Investing activities resulted in a net source of funds of \$2.6 million compared to a net source of funds of \$2.1 million and caused mainly from proceeds upon disposal of strategic investments during the nine-months ended September 30, 2025.

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Financing activities resulted in a source of funds of \$0.7 million during the nine-month period ended September 30, 2025, compared with a source of funds of \$1.7 million for the same period in 2024. The variation primarily reflects lower financing inflows and, lower proceeds from exercise of warrants.

During the nine-month period ended September 30, 2025, the net cash position of the Company decreased by \$2.9 million compared to a decrease of \$1.8 million for the same period in the prior year.

USE OF PROCEEDS FROM FINANCINGS

Description of intended use of funds from financings in the past 12 months	Proposed use of proceeds from financings completed in the past 12 months	Use of funds to Date
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 14, 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
October 29, 2025: Private Placement for total gross proceeds of \$822,000	Proceeds were intended and used for working capital and general corporate purposes	\$ 822,000

CAPITAL STOCK INFORMATION

The authorized share capital of the Company consists of an unlimited number of common shares. As at November 11, 2025, PyroGenesis had 197,605,666 Common Shares, 16,454,229 share purchase warrants, 10,540,000 outstanding stock options issued, and 9,935,000 exercisable options issued. In addition, the Company issued a convertible loan in December 2023, convertible debentures in July 2023 and closed a private placement in July 2024 (refer to notes 20 and 21 of the 2024 consolidated financial statements) and a private placement in May 2025 and in October 2025 (refer to note 14 and 25 of the condensed consolidated interim financial statements for the period ended September 30, 2025), 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 September 30, 2025, and December 31, 2024, the Company's exposure to foreign exchange risk for amounts denominated in US dollars and Euros is as follows, as expressed in Canadian dollars:

	September 30, 2025		December 31, 2024	
	US \$	Euro \$	US \$	Euro \$
Cash	25,211	—	2,228,077	818,337
Accounts receivable	2,380,197	125,151	3,401,015	1,730,014
Accounts payable and accrued liabilities	(2,184,005)	(301,335)	(2,235,050)	(1,318,652)
Total	221,403	(176,184)	3,394,042	1,229,699

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 September 2025, if the US dollar and Euro had changes by 10% against the Canadian dollar with all other variables held constant, the impact on pre-tax gain or loss and equity for the three-month period ended September 30, 2025, would have been \$22,140 and \$17,618,

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respectively (December 31, 2024 - \$339,404 and \$122,970, respectively).

Credit concentration

During the three-month period ended September 30, 2025, four customers accounted for 73%, (Three-month period ended September 30, 2024 – two customers for 34%) of revenues from operations.

During the nine-month period ended September 30, 2025, two customers accounted for 42%, (Nine-month period ended September 30, 2024 – three customers for 43%) of revenues from operations.

Two customers accounted for 46% and 14%, respectively (December 31, 2024 – two customers for 37% and 36%, respectively) of the total trade accounts receivable before expected credit loss allowance representing the Company's major credit risk exposure. Credit concentration is determined based on customers representing 10% or more of total revenues and/or total accounts receivable.

Credit Risk

Cash is held with major reputable financial institutions.

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

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

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

The royalties receivable are due from a company in which the Company has a strategic investment, at times, and is also a customer of the Company. 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 September 30, 2025 and 2024, no loss allowance has been recognized in connection with these deposits, and the maximum exposure is the carrying amount of these deposits.

During the three-month period ended September 30, 2025, and year-end December 31, 2024, provisions for expected credit losses were recorded, however, the accounts provisioned by the loss are still subject to enforcement activity in order to collect the balances due.

Liquidity and Capital Resources

As at September 30, 2025, the Company had cash of \$0.1 million, included in the net working capital deficiency of \$15.3 million. Certain working capital items such as billings in excess of costs and profits on uncompleted contracts do not represent a direct outflow of cash. The Company expects that with its cash, liquidity position, the proceeds available from the strategic investment and its access to capital markets it will be able to finance its operations for the foreseeable future.

The Company's term loan balance at September 30, 2025, was \$0.3 million and decreased by \$0.05 million since December 31, 2024, due to the net accretion and monthly payments. During the period, the Company fully reimbursed and extinguished the credit facility. The average interest expense on the other term loans and convertible debenture is approximately 10%. The Company does not expect changes to the structure of term loans and convertible debentures in the next twelve-month period.

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The following table summarizes the contractual amounts payable and maturities of financial liabilities and other liabilities at September 30, 2025:

	Carrying Value	Total contractual amount	Less than one year	Maturities		Over 5 years
				2-3 years	4-5 years	
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities ¹	10,694,380	10,694,380	10,694,380	—	—	—
Term loans	263,467	315,000	90,000	225,000	—	—
Balance due on business combination	771,120	771,120	771,120	—	—	—
Lease liabilities	5,550,236	6,842,037	2,608,837	857,849	862,434	2,512,917
Convertible debentures	970,158	1,080,083	1,080,083	—	—	—
Secured loan	1,504,219	3,318,163	3,318,163	—	—	—
	19,753,580	23,020,783	18,562,583	1,082,849	862,434	2,512,917

(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 \$0.5 million (\$0.09 million 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 \$0.2 million and \$0.3 million on advance guarantees secured by Export Development Canada. The letters of credit expire in March 2026 and November 2026, respectively.

GOING CONCERN

These condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes that the Company will be able to continue its operations for the foreseeable 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 \$138.0 million as at September 30, 2025 (\$128.6 million 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 September 30, 2025, the Company has working capital deficiency of \$15.3 million (working capital deficiency of \$9.2 million as at December 31, 2024) including cash of \$0.1 million (\$3.0 million as at December 31, 2024). The working capital is net of an allowance for credit losses amounting to \$2.2 million (\$2.9 million as at December 31, 2024) as further described in Notes 6 and 7. The Company's business plan is dependent upon the successful completion of contracts and also the receipt of payments from certain contracts closed in a prior year and expects these payments to be made during fiscal 2025, as well as the achievement of profitable operations through the signing, completion and delivery of additional contracts or a reduction in certain operating expenses. In the absence of this, the Company is dependent upon raising additional funds to finance operations within and beyond the next twelve months. The Company has been successful in securing financing in the past and has relied upon external financing to fund its operations, primarily through the issuance of equity, debt and convertible debentures. The Company completed a private placement in March 2023 for net proceeds of \$5.0 million. In addition, in July 2023, the Company also completed a brokered private placement of convertible debenture units for gross proceeds of \$3.0 million and in December 2023, the Company also completed a non-brokered private placement of a convertible loan for gross proceeds of \$1.3 million. In July 2024, the Company secured gross proceeds of \$2.8 million from the completion of another private placement. In May 2025, the Company completed a non-brokered secured loan for gross proceeds of \$2.4 million. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors, some of which are outside the Company's control, and therefore there is no assurance that it will be able to do so in the future or that these sources will be available to the Company or that they will be available on terms which are acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue operating as a going concern.

The condensed consolidated interim 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

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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 condensed consolidated interim statement of financial position.

RELATED PARTY TRANSACTIONS

During the three and nine-month period ended September 30, 2025, the Company concluded the following transactions with related parties:

A balance due to the controlling shareholder and CEO of the Company amounted to \$1,432,805 at September 30, 2025, (\$597,180 at December 31, 2024) and is included in accounts payable and accrued liabilities.

In May 2024, the President and CEO provided a \$1.0 million 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 \$1.2 million and \$0.3 million, respectively. Two directors of the Company also participated for a total amount of \$0.05 million.

In May 2025, the President and CEO, participated in a non-brokered secured loan for gross proceeds of \$2.4 million.

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

	Three months ended September 30		Variation	Nine months ended September 30		Variation
	2025	2024	2025 vs 2024	2025	2024	2025 vs 2024
Salaries - key management	370,597	560,204	(189,607)	1,128,808	1,220,970	(92,162)
Pension contributions	6,727	9,666	(2,939)	20,551	19,991	560
Fees - Board of Directors	39,300	39,300	—	115,200	126,400	(11,200)
Share-based compensation - officers	53,530	81,229	(27,699)	273,161	384,062	(110,901))
Share-based compensation - Board of Directors	1,740	49,068	(47,328)	82,147	411,806	(329,659)
Other benefits - key management	80,469	6,511	73,958	280,686	239,014	41,672
Total compensation	552,363	745,978	(193,615)	1,900,553	2,402,243	(501,690)

CORPORATE HIGHLIGHTS

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

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

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

On January 27, 2025, the Company announced that its subsidiary, Pyro Green-Gas Inc., had signed a contract totaling US\$1.74 million (approx. CA\$2.5 million) with one of the world's largest integrated environmental services companies. The contract, for the design and delivery of gas flaring components, is part of a large urban waste-to-energy project. An initial payment of CA\$400,000 had been received. On February 18, 2025, the Company announced that Pyro Green Gas had signed another contract with the same client in the amount of US\$511,000 (approx. CA \$725,000).

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

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

On February 10, 2025, the Company announced that recent data from a current contract confirms that PyroGenesis plasma torches posted significantly lower operational energy requirements. Savings of up to 45%, when compared to legacy diesel burners, had been obtained in destroying PFAS (often called "forever chemicals"). This new data, combined with other recent results, highlights how a transition from fossil fuels to PyroGenesis plasma torches can generate both significant 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 stated plan to test plasma technology as one of the ways to replace fossil fuel with renewable alternatives in its aluminum casthouses.

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

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

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

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

On May 15, 2025, the Company's client HPQ Silicon Inc. announced, 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 3rd party laboratory for analysis.

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

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

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

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On June 9, 2025, the Company announced that up to 1,581,250 common share purchase warrants were amended. The warrants, which have an exercise price of \$1.20, will currently expire on July 22, 2025. Commencing on June 25, 2025, the expiration date of the warrants held by holders wishing to participate in this proposal will be extended until November 18, 2025.

On June 12, 2025, the Company's client HPQ Silicon Inc. announced, HPQ Silica Polvere Inc. had received notice from a leading global supplier of fumed silica that the material samples recently delivered to them have successfully passed the client's test protocols for being confirmed 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 PyroGenesis' relationship with this client to include developing a solution for the plastic waste problem in Europe. The client, whose name is being withheld for competitive, and confidentiality reasons, operates more than 100 waste treatment sites and facilities across Europe.

On July 8, 2025, the Company's client HPQ Silicon Inc. announced, the latest upgrades to the fumed silica reactor project have 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, who had previously requested, tested, and verified first stage material samples produced in the FSR pilot plant under the terms of a letter of intent. PyroGenesis has been engaged to develop and build the FSR pilot plant for HPQ Polvere Inc. a subsidiary of HPQ Silicon Inc. PyroGenesis has: (i) a 50% interest in HPQ Polvere Inc., and (ii) an exclusive arrangement to be the sole supplier of equipment relating to any commercialization of this new process.

On July 15, 2025, the Company announced that its subsidiary, Pyro Green-Gas Inc., had completed the previously announced \$9.3 million coke-oven gas valorization (via purification, desulphurization, and heavy hydrocarbon removal) and hydrogen production project for Tata Steel, one of the world's largest diversified steel producers.

On July 28, 2025, the Company announced that it confirmed that third-party Scanning Electron Microscopy analysis of Phase 1 Test #5 material from the Fumed Silica Reactor further validated recently announced key technical metrics for fumed silica samples generated by the pilot scale plant.

On July 31, 2025, the Company announced receipt of a contract for titanium metal powder produced by PyroGenesis' NexGen™ plasma atomization process, from a European engineering and material science firm specializing in the additive manufacturing industry.

On August 5, 2025, the Company announced that it had signed an additional contract with Constellium, one of the world's largest aluminum transformation and recycling companies, for the purchase of plasma torch technology and related peripheral components to be implemented in an aluminum remelting furnace as part of a broader decarbonization effort. This contract marks the launch of Phase 2 of the project – industrial implementation – as part of the two companies' collaboration agreement of April 2024. The collaborative agreement outlined Constellium's stated plan to use PyroGenesis plasma torches and associated processes as potential replacement heating sources for aluminum remelting furnaces in Constellium's aluminum cast houses.

On September 2, 2025, the Company announced that it had signed a US\$871,000 (CAD\$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 the August performance trials and modifications of its fumed silica reactor pilot plant have resulted in significant progress across a number of essential product parameters, bringing the system closer to commercial readiness. The results were provided by a third-party, a global manufacturer of fumed silica, who conducted analysis on fumed silica sample material submitted by PyroGenesis after the latest series of FSR operational tests.

On October 16, 2025, the Company announced that it had completed the first tranche of the First Unit Group of the previously announced non-brokered private placement by issuing and selling an aggregate of 5,555,556 units of the Company at a price of \$0.63 per unit, for gross proceeds of approximately \$3,500,000 to the Company.

On October 17, 2025, the Company announced that up to 1,581,250 common share purchase warrants will be amended. The warrants, which have an exercise price of \$1.20, will currently expire on November 18, 2025. Commencing on November 3, 2025, the exercise price and expiration date of the warrants held by holders wishing to participate in this repricing will be reduced to \$0.63 per share and will be extended until July 17, 2026. Those Warrants would also be amended to provide that if at any time before their expiry date, the closing price of the Common Shares on the Toronto Stock Exchange is 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.

On October 29, 2025, the Company announced that it had completed the first tranche of the Second Unit Group of the previously announced 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.

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

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

CONTROLS AND PROCEDURES

The Company's shares are listed on the Toronto Stock Exchange ("TSX") since November 2020. 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, 2024, an evaluation was carried out under the supervision of the CEO and CFO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO and CFO concluded that due to the material weaknesses in our ICFR as described below in Management's Annual Report on Internal Controls over Financial Reporting, the Company's DC&P were not effective as of December 31, 2024.

Management's Annual Report on Internal Controls over Financial Reporting

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

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

In connection with the Company's evaluation of ICFR, the following are the control deficiencies that were considered to be material weaknesses in prior quarters and in fiscal 2024, and any remediation that occurred up to September 30, 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.

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

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

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

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

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

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

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

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

Aside from these material weaknesses, management has concluded that the Company's consolidated financial statements as at and for the nine-month period ended September 30, 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 nine-month period ended September 30, 2025, and there were no changes to previously released financial results. However, because the pre-existing 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 September 30, 2025, the Company's design and operation of ICFR and DC&P were not effective.

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Management's Ongoing Remediation Measures

During the year ended December 31, 2024, and nine-month period ended September 30, 2025, management implemented remediation measures as outlined above and continues to monitor and add controls as necessary. 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 further support 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 of 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 will be an inherent part of the upgrade to a new ERP system in the short term.

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 have strengthened our ICFR and DC&P and effectively remediate the identified material weaknesses.

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 nine-month period ended September 30, 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

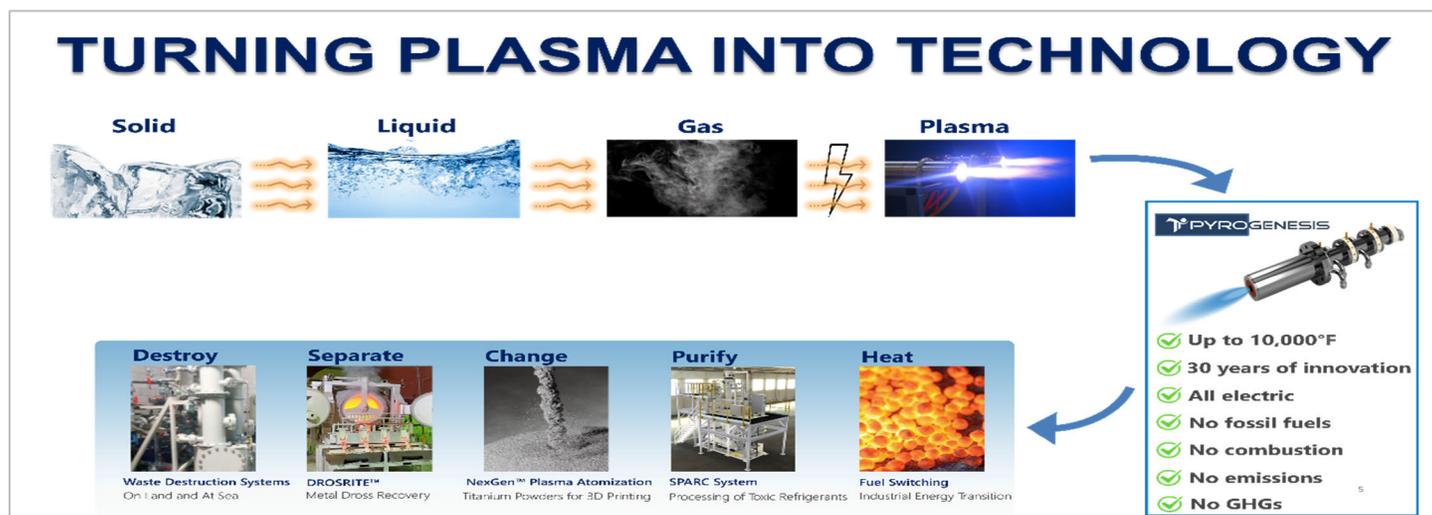
The Company's management recognizes that any DC&P and ICFR, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because of their inherent limitations, DC&P and ICFR may not prevent or detect all errors or misstatements on a timely basis.

RISK FACTORS

Please refer to the Company's 2024 annual Management Discussion and Analysis for a summary of risk factors.

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.



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

1. *Energy Transition (formerly Energy Transition & Emission Reduction)*

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

2. *Materials Production (formerly Commodity Security & Optimization)*

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

3. *Waste Processing (formerly Waste Remediation)*

- 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	Materials Production	Waste Processing
		
Plasma-based fuel switching solutions to help heavy industry electrify high-temperature processes, modify the energy mix, and lower emissions.	Development of chemical-free material production systems, and the production of in-demand materials, for manufacturers.	Safe, emission-free destruction, remediation, and valorization of industrial, chemical, agricultural, and municipal solid waste, on land and sea.
<ul style="list-style-type: none">• Plasma burners for<ul style="list-style-type: none">• industrial furnaces• melting/holding tanks• numerous other industrial process steps• Plasma torches for high-temp energy and aerospace research	<ul style="list-style-type: none">• Titanium metal powder• Fumed silica• Nano-silicon for EV batteries• Silica additive for green cement• Other silica-based products in the works	<ul style="list-style-type: none">• 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.

Q3 2025 Production and Sales Highlights

Energy Transition

- **In August** [news release dated August 5, 2025], the Company announced the signing of a contract with Constellium, one of the world's largest aluminum transformation and recycling companies, for the purchase of plasma torch technology and related peripheral components to be implemented in an aluminum remelting furnace. This contract marked the launch of Phase 2 of the project – industrial implementation – as part of the two companies' collaboration agreement of April 2024, that outlined Constellium's stated plan to use PyroGenesis plasma torches and associated processes as potential replacement heating sources for aluminum remelting furnaces in Constellium's aluminum cast houses.
- **In September** [news release dated September 2, 2025], the Company announced a \$1.2 million contract with a European cement industry customer for the supply of a plasma torch system for use in a calcination furnace.

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Materials Production

- **In July** [news release dated July 8, 2025], the Company announced improved fumed silica quality, purity, and consistency across multiple production cycles of its fumed silica reactor (FSR) pilot plant. These results were verified by a leading global fumed silica manufacturer, who had previously requested, tested, and verified first stage material samples produced in the FSR pilot plant under the terms of a letter of intent. PyroGenesis has been engaged to develop and build the FSR pilot plant for HPQ Polvere Inc, a subsidiary of PyroGenesis' client HPQ Silicon Inc. PyroGenesis has: (i) a 50% interest in Polvere, and (ii) an exclusive arrangement to be the sole supplier of equipment relating to any commercialization of this new process.
- **In July** [news release dated July 28, 2025], the Company announced that confirmation from a third-party Scanning Electron Microscopy (SEM) analysis, of the previously announced (on July 8, 2025) results of Phase 1 Test #5 material from the Fumed Silica Reactor (FSR), further validates recently announced key technical metrics for fumed silica samples generated by the pilot scale plant.
- **In July** [news release dated July 31, 2025], the Company announced receipt of a contract for titanium metal powder produced by PyroGenesis' NexGen™ plasma atomization process, from a European engineering and material science firm specializing in the additive manufacturing industry. The client previously received and tested samples of PyroGenesis' metal powder. The contract marks the first commercial order with this customer. The order is for a Ti64 "coarse" cut titanium metal powder.
- **In September** [news release dated September 4, 2025], the Company announced that the August performance trials and modifications of its fumed silica reactor pilot plant resulted in a 3X increase in material surface area, and significant progress across a number of essential product parameters, bringing the system closer to commercial readiness. The results were provided by a third-party, a global manufacturer of fumed silica, who conducted analysis on fumed silica sample material submitted by PyroGenesis after the latest series of FSR operational tests. The results of August testing (test series #6) reflect: (i) A 3X increase in surface area measurement vs previous test*, to 136 m²/g, up from the 44 m²/g surface area of previously announced test 5, and a 5X increase from test 4 (26 m²/g); (ii) Surface area of 136 m²/g now meets the requirement for commercial grades 90 (75-105 m²/g) and 130 (105-155 m²/g), and enters the lower range of grade 150 fumed silica products which have a surface area range of 135-165 m²/g.(iii) Total elimination of carbon impurity, now measured at 0%, down from 0.32% in test 5 and 2.32% in test 4.

Waste Processing

- **In July** [news release dated July 2, 2025], the Company announced a \$600,000 contract with one of the world's largest integrated environmental services companies, for the engineering and testing of an advanced waste management solution targeting both non-recyclable plastics and other forms of hazardous liquid waste, using PyroGenesis' plasma gasification technology as the platform.
- **In July** [news release dated July 15, 2025], the Company announced the completion of a previously announced \$9.3 million coke-oven gas valorization and hydrogen production project, for Tata Steel, one of the world's largest diversified steel producers. The systems developed by PyroGenesis' subsidiary Pyro Green-Gas are in continuous 24 hr./day operation at the Tata steel facility in Kalinganagar India, and newly reformed hydrogen produced by the system is being reused by other applications at the facility.

Q3 Financial Highlights

- **Post quarter-end, 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.
- **Subsequently, post quarter-end, 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.

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

OUTLOOK

Consistent with the Company's past practice, and in view of the early stage of market adoption of our core lines of business, the Company is not providing specific revenue or net income (loss) guidance for 2025.

The following is an outline of the many factors that impact the Company's strategy and future success, plus key developments that are 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 ecosystem.

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:

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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 2025.

Continuing the cost optimization program began in fiscal 2024, which resulted in over \$3 million in savings, the Company has already identified areas of optimization in early 2025. To date the Company has identified savings in patent expenses, insurance and optimization of the workforce, for a net benefit of \$2 million. The Company has targeted between \$3-\$5 million in cost optimization for 2025. These are recurring cost savings which will benefit the Company on a recurring annual basis. All cost optimization is done with a view to not jeopardize revenues or market competitiveness.

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Enhanced Sales and Marketing

Against the backdrop of its 3-tiered strategy, the Company continues to focus on sales, marketing, and R&D efforts in-line with – and in some cases ahead of – the growth curve for industrial change related to energy transition, electrification, and greenhouse gas reduction efforts.

Macroeconomic Conditions

Continued uncertainty in the macroeconomic environment including: fluctuating interest rates, inflationary pressures, and potential recessionary conditions, can cause shifting demand across industries. These factors make it difficult to assess the future impact on our customer base and our business operations in the short and 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.

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

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

Business Line Developments

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

Energy Transition (formerly *Energy Transition & Emission Reduction*)

Plasma Torches for Cement-Related Calcination:

In the Q2 2025 outlook, the Company stated it was in negotiations with a European entity to use plasma torches during a calcination process related to cement production, with an estimated initial project value of \$500,000 to \$1 million, and that these negotiations advanced considerably during Q2 and a near term announcement was expected. **A contract for this project was signed during Q3 2025 [news release dated September 2, 2025], for \$1.2 million. This information will be removed from future outlooks.**

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Plasma Torches for Aluminum Remelting Furnaces / Casthouses:

An LOI for large-scale plasma remelting furnaces with Constellium, a global aluminum product manufacturer, was originally announced during Q2 2024 [news release dated April 10, 2024]. During Q4 2024, the first project under a letter of intent (LOI) previously signed with Constellium progressed to advanced negotiations, and a near-term announcement in late Q2 2025 regarding this project was anticipated. In the Q2 2025 Outlook, it was stated that planning and negotiations continued during Q2 and an announcement was expected in the very near term. **A contract for this project was signed during Q3 2025 [news release dated August 5, 2025]. This information will be removed from future outlooks.**

Alumina Calcination:

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:

The Company is in discussions with one of the largest aluminum companies globally, for the eventual purchase of a 5MW plasma torch. Initial discussions are centred around engineering support to develop a feasibility study in conjunction with the client, with a possible torch purchase in 2026.

Cement Production Calcination:

The Company is 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.

Aluminum Furnace Tests:

The Company has started, and will continue in the near term, live furnace tests of plasma as a process heat source in melting and holding furnaces with major aluminum companies, while also being in advanced discussions with other companies yet to be named for similar live furnace tests. Due to the nature of these tests and the increasing number of similar tests, the Company may choose not to announce every test session it engages in.

Ore Pelletization Torch Trials:

CLIENT B:

As mentioned in previous Outlooks, 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 conducting 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 (formerly *Commodity Security & Optimization*)

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. An announcement is expected in the near term.

It was also stated previously that the Company is in discussion with other potential clients for titanium metal powder orders. Announcements are expected in the near term.

Lithium Battery Material Recovery:

In the Q2 2025 Outlook it was stated that the company was in early-stage 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. Negotiations have advanced significantly, and an announcement is expected in the near term.

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Fumed Silica Reactor ("FSR") Project:

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. Modifications to the system and continued testing to improve the fumed silica is ongoing, with more announcements expected in the near term.

Waste Processing (formerly Waste Remediation)

Drosrite Systems:

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. An announcement may be expected in the near term.

Chemical Weapons Destruction (PACWADS):

In the Q2 2025 Outlook, it was stated that the Company is in negotiations with a multinational defense contractor for the potential sale of a PyroGenesis PACWAD system for destroying chemical weapons. During Q3 2025, the Company signed a teaming agreement with the defense contractor. An announcement with further details may be expected in the near term, though strict confidentiality clauses may prohibit such communications.

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. An announcement is expected in the near term.

Plasma Torch System for Pyrolysis:

It was stated in the Q2 2025 Outlook that the Company was in discussions with a European entity for the sale of a plasma torch system and/or plasma reactor system, which the customer would utilize in their production of carbon black and hydrogen for use in batteries and graphite production, and that a project quote had been submitted with a potential project value of approximately \$2 million. The negotiations have advanced, and a potential project scope has been developed across multiple phases. An announcement is expected 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. The project scope has risen to between \$3-\$5 million, and an announcement is expected in the near term.

SPARC Refrigerant Waste Destruction System:

The Company is in negotiations with a Middle Eastern customer regarding PyroGenesis' SPARC system for the safe destruction of hazardous end-of-life refrigerants such as CFCs, HCFCs, and HFCs. The customer has access to a very large existing stockpile of these hazardous materials. Discussions continue as a possible co-venture, whereby PyroGenesis would receive revenue on a profit-sharing basis. PyroGenesis is conducting due diligence on key elements related to the potential business model, and a 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 Q3 2023, the Company signed a contract [news release dated August 1, 2023] for a 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. The project has advanced considerably, with engineering and fabrication completed, and assembly currently underway. Current timelines estimate delivery and startup of the torch system at the client's facility in Q1 2026.

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.

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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 has been extended into Q4 2025 and Q1 2026. 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

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. Material samples are now being produced for third party evaluation at the request of Progressive Planet

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 Brickmaking:

The Company is in initial discussions with a European company for the use of plasma torches in high temperature brickmaking process steps, including a 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.

PyroGenesis Inc.

Management's Discussion and Analysis

As at September 30, 2025 and for the three and nine-month periods ended September 30, 2025 and 2024

(Unaudited)

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:

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

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

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

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.

PyroGenesis Inc.

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(Unaudited)

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

Additional information, including directors' and officers' remuneration 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.