



TSX: PYR • OTCQX: PYRGF • FRA: 8PY1

PYROGENESIS INC.

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

As at March 31, 2026 and for the three-month
periods ended March 31, 2026 and 2025



PyroGenesis Inc.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(In Canadian dollars)

	Note	March 31, 2026	December 31, 2025
		\$	\$
Assets			
<i>Current assets</i>			
Cash		526,220	1,088,707
Accounts receivable	6	5,115,933	4,147,739
Costs and profits in excess of billings on uncompleted contracts	7	436,042	699,305
Inventory		2,339,701	2,376,148
Investment tax credits receivable	8	120,901	115,431
Income taxes receivable		–	22,875
Current portion of deposits		1,232,188	945,849
Current portion of royalties receivable		523,575	509,660
Contract assets		395,535	436,763
Prepaid expenses		590,356	393,102
Total current assets		11,280,451	10,735,579
<i>Non-current assets</i>			
Deposits		60,435	60,435
Strategic investments	9	41,032	46,161
Property and equipment		2,075,934	2,266,189
Right-of-use assets		2,491,873	2,563,027
Royalties receivable		544,672	529,081
Intangible assets		1,042,359	1,085,012
Total assets		17,536,756	17,285,484
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	10	12,306,636	10,414,397
Billings in excess of costs and profits on uncompleted contracts	11	7,594,222	9,880,704
Current portion of term loans	12	90,000	90,000
Current portion of lease liabilities		2,248,152	2,348,963
Current portion of balance due on business combination	20	771,120	771,120
Current portion of convertible debentures		406,473	673,433
Current portion of secured loans	13	1,625,460	1,980,250
Total current liabilities		25,042,063	26,158,867
<i>Non-current liabilities</i>			
Lease liabilities		1,377,477	1,397,941
Term loans	12	141,317	157,594
Total liabilities		26,560,857	27,714,402
Shareholders' equity			
Common shares	14	101,850,245	99,674,796
Warrants		2,546,970	2,546,970
Contributed surplus		30,821,862	30,660,473
Equity portion of the convertible debentures		217,663	217,663
Equity portion of the secured loan		100,000	–
Accumulated other comprehensive income (loss)		(210,379)	(206,356)
Deficit		(144,350,462)	(143,322,464)
Total shareholders' equity (deficiency)		(9,024,101)	(10,428,918)
Total liabilities and shareholders' equity (deficiency)		17,536,756	17,285,484

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Contingent liabilities, Note 21

PyroGenesis Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited)
(In Canadian dollars)

	Note	Three months ended March 31,	
		2026	2025
		\$	\$
Revenues			
	5	4,872,563	2,987,535
Cost of sales and services		3,303,272	2,189,052
Gross profit		1,569,291	798,483
Expenses			
Selling, general and administrative		2,238,594	3,736,423
Research and development, net		132,020	309,371
		2,370,614	4,045,794
Net loss from operations		(801,323)	(3,247,311)
Loss from changes in fair value of strategic investments	9	(5,129)	(728,468)
Financial income (expense), net	17	(221,546)	(286,210)
Net loss		(1,027,998)	(4,261,989)
Other comprehensive loss			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation loss on investments in foreign operations		(4,023)	(105,488)
Comprehensive loss		(1,032,021)	(4,367,477)
Loss per share			
Basic	18	(0.01)	(0.02)
Diluted	18	(0.01)	(0.02)

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

PyroGenesis Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

(In Canadian dollars)

	Note	Number of common shares	Common shares	Warrants	Contributed surplus ¹	Equity portion of convertible debentures and secured loans ¹	Accumulated other comprehensive loss	Deficit	Total
			\$	\$	\$	\$	\$	\$	\$
December 31, 2025		202,431,729	99,674,796	2,546,970	30,660,473	217,663	(206,356)	(143,322,464)	(10,428,918)
Shares issued upon principal payment of the convertible debenture		525,150	202,000	-	-	-	-	-	202,000
Equity portion of secured loans	13	-	-	-	-	100,000	-	-	100,000
Private placement	14	3,654,536	1,973,449	-	-	-	-	-	1,973,449
Share-based compensation expense		-	-	-	161,389	-	-	-	161,389
Other comprehensive loss for the period		-	-	-	-	-	(4,023)	-	(4,023)
Net loss		-	-	-	-	-	-	(1,027,998)	(1,027,998)
March 31, 2026		206,611,415	101,850,245	2,546,970	30,821,862	317,663	(210,379)	(144,350,462)	(9,024,101)
December 31, 2024		184,143,645	94,800,796	421,016	29,604,640	394,012	(120,070)	(128,563,782)	(3,463,388)
Shares issued upon conversion of Convertible loan		2,541,683	1,174,540	-	176,349	(176,349)	-	-	1,174,540
Share-based compensation expense		-	-	-	12,667	-	-	-	12,667
Other comprehensive loss for the period		-	-	-	-	-	(105,488)	-	(105,488)
Net loss		-	-	-	-	-	-	(4,261,989)	(4,261,989)
March 31, 2025		186,685,328	95,975,336	421,016	29,793,656	217,663	(225,558)	(132,825,771)	(6,643,658)

¹The equity portion of the convertible loan was reclassified to contributed surplus upon redemption of the convertible loan during the period.

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

PyroGenesis Canada Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)
(In Canadian dollars)

	Note	Three months ended March 31,	
		2026	2025
		\$	\$
Cash flows provided by (used in)			
Operating activities			
Net loss		(1,027,998)	(4,261,989)
Adjustments for:			
Share-based compensation expense	16	161,389	12,667
Depreciation of property and equipment	16	196,178	180,323
Depreciation of right-of-use assets	16	71,154	182,554
Amortization and write-off of intangible assets	16	48,823	11,107
Net financial expenses	17	221,546	286,210
Change in fair value of investments		5,129	728,468
Unrealized foreign exchange		(11,793)	(104,564)
		(335,572)	(2,965,224)
Net change to working capital items	15	(1,547,211)	937,215
		(1,882,783)	(2,028,009)
Investing activities			
Additions to property and equipment		(5,923)	(2,266)
Additions to intangible assets		(6,170)	(114,143)
		(12,093)	(116,409)
Financing activities			
Decrease in bank indebtedness		–	(88,046)
Interest paid		(29,053)	(63,264)
Repayment of term loans		(22,500)	(22,500)
Repayment of secured loan		(1,175,000)	–
Repayment of lease liabilities		(121,276)	(129,127)
Repayment of convertible debentures		(101,000)	(303,000)
Proceeds from issuance of secured loan		800,000	–
Proceeds from private placement		1,973,449	–
		1,324,620	(605,937)
Effect of exchange rate changes on cash denominated in foreign currencies		7,769	(934)
Net decrease in cash		(562,487)	(2,751,289)
Cash - beginning of period		1,088,707	2,975,461
Cash - end of period		526,220	224,172
Supplemental cash flow disclosure			
Non-cash transactions:			
Interest accretion on, and revaluation of balance due on business combination		–	19,740
Interest accretion on royalties receivable		(29,507)	(22,141)
Interest accretion on term loan		6,223	7,773
Interest accretion on convertible debenture		21,310	53,529
Interest accretion on convertible loan		–	30,908
Interest accretion on secured loans		120,210	–

The accompanying notes form an integral part of the condensed consolidated interim financial statements

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

1. Nature of operations and change in name

PyroGenesis Inc. and its subsidiaries (collectively, the “Company”), incorporated under the laws of the Canada Business Corporations Act, was formed on July 11, 2011. The Company owns patents of advanced waste treatment systems technology and designs, develops, manufactures, and commercialises advanced plasma processes and sustainable solutions to reduce greenhouse gases. The Company is domiciled at its headquarters, 1100 René-Lévesque Blvd. West, Suite 1825, Montreal, Quebec. The Company is publicly traded on the TSX Exchange under the Symbol “PYR”, on the OTCQX Best Market under the symbol “PYRGF” and on the Frankfurt Stock Exchange (FSX) under the symbol “8PY1”.

2. Going concern

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

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

The Company has incurred, in the last years, operating losses and negative cash flows from operations, and as a result, the Company has an accumulated deficit of \$144,350,462 as at March 31, 2026 (\$143,322,464 as at December 31, 2025). Furthermore, there have been unexpected delays in the collection of certain accounts receivable from contracts closed in a prior year. This has resulted in a shortfall in cash flows from operating activities that would be used in funding the Company's operations.

As at March 31, 2026, the Company has working capital deficiency of \$13,761,614 (working capital deficiency of \$15,423,288 as at December 31, 2025) including cash of \$526,220 (\$1,088,707 as at December 31, 2025). The working capital is net of an allowance for credit losses amounting to \$1,120,500 (\$2,017,000 as at December 31, 2025) 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 2026, as well as the achievement of profitable operations through the signing, completion and delivery of additional contracts or a reduction in certain operating expenses. In the absence of this, the Company is dependent upon raising additional funds to finance operations within and beyond the next twelve months. The Company has been successful in securing financing in the past and has relied upon external financing to fund its operations, primarily through the issuance of equity, debt and convertible debentures. The Company completed multiple private placements in the past. Namely, in July 2024, the Company secured gross proceeds of \$2,804,600 from the completion of non-brokered private placement. In May 2025, the Company completed a non-brokered secured loan for gross proceeds of \$2,385,000. Additionally, in 2025, the Company completed multiple non-brokered private placements, for gross proceeds of \$3,500,000 in October 2025, \$822,000 in November 2025, and \$904,083 in December 2025. In March 2026, the Company completed a non-brokered private placement for gross proceeds of \$1,973,449. 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 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.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

3. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Statements, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the necessary information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2025.

These financial statements were approved and authorized for issuance by the Board of Directors on May 7, 2026.

(b) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of PyroGenesis, and Pyro Green-Gas Inc. The functional currency of Airscience Italia SRL is the euro whereas the functional currency of Airscience Technologies Private Limited is the Indian rupee, and Drosrite International LLC's functional currency is the US dollar.

(c) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for:

- (i) strategic investments which are accounted for at fair value,
- (ii) stock-based payment arrangements, which are measured at fair value on the grant date pursuant to IFRS 2, Share-based Payment; and
- (iii) lease liabilities, which are initially measured at the present value of minimum lease payments

(d) Basis of consolidation

For financial reporting purposes, subsidiaries are defined as entities controlled by the Company. The Company controls an entity when it has power over the investee; it is exposed to, or has rights to, variable returns from its involvement with the entity; and it has the ability to affect those returns through its power over the entity.

In instances where the Company does not hold a majority of the voting rights, further analysis is performed to determine whether or not the Company has control of the entity. The Company is deemed to have control when, according to the terms of the shareholder's and/or other agreements, it makes most of the decisions affecting relevant activities.

These condensed consolidated interim financial statements include the accounts of PyroGenesis, 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. All transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

The accounting policies disclosed in the December 31, 2025, year-end consolidated financial statements have been applied consistently in the preparation of these condensed consolidated interim financial statements. Financial income (expenses) and changes in fair value of strategic investments are excluded from the loss from operations in the consolidated statements of comprehensive loss.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

4. Significant accounting judgments, estimates and assumptions

The significant judgments, estimates and assumptions applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended December 31, 2025.

5. Revenues

The following is a summary of the Company's revenues from contracts by product line:

	March 31, 2026	March 31, 2025
	\$	\$
Revenue from contracts with customers by product line:		
High purity metallurgical grade silicon & solar grade silicon from quartz (PUREVAP™)	35,124	159,830
Aluminium and zinc dross recovery (DROSRITE™)	275,429	168,740
Development and support related to systems supplied to the U.S. Navy	283,271	217,867
Torch-related sales	2,103,990	530,267
Refrigerant destruction (SPARC™)	1,549,129	276,784
Biogas upgrading and pollution controls	529,540	1,412,461
Other sales and services	96,080	221,586
	4,872,563	2,987,535

The following is a summary of the Company's revenues by revenue recognition method:

	March 31, 2026	March 31, 2025
	\$	\$
Revenue from contracts with customers:		
Sales of goods under long-term contracts recognized over time	4,100,322	2,561,212
Sales of goods at a point of time	772,241	426,323
	4,872,563	2,987,535

See Note 23 for sales by geographic area.

Transaction price allocated to remaining performance obligations:

As at March 31, 2026, revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date is \$43,041,610 (\$47,778,108 as at December 31, 2025). Revenue will be recognized as the Company satisfies its performance obligations under long-term contracts, which is expected to occur over the next 3 years.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

6. Accounts receivable

Details of accounts receivable based on past due terms were as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Current	709,988	781,065
1 – 30 days	1,493,276	778,034
31 – 60 days	21,964	114,927
61 – 90 days	–	73,159
Greater than 90 days	2,345,135	3,217,423
Holdback receivable ¹	377,895	371,578
Total trade accounts receivable	4,948,258	5,336,186
Allowance for expected credit loss	(1,076,500)	(1,747,000)
Other receivables	1,030,770	310,824
Sales tax receivable	213,405	247,729
	5,115,933	4,147,739

¹Holdbacks are non-interest bearing, non-secured and represent an amount retained by the customers, based on milestones defined in the contract, and are not due until final acceptance of the contract, stage of the project or the final inspection of the delivered goods. These amounts are agreed in advance and the terms of payment may exceed the general terms of payment of the Company. The Company only recognizes an invoice when it can reasonably determine that these inspection and acceptance steps have been met.

As at March 31, 2026 the allowance for expected credit loss on trade accounts receivable is \$1,076,500 (\$1,747,000 as at December 31, 2025), whereby a net reversal of \$670,500 was recognized during the period (net reversal of \$757,500 during fiscal 2025). The credit loss allowance on trade accounts receivable at March 31, 2026, includes \$300,000 attributable to one specific customer, whereby the carrying amount has been reduced from \$2,269,490 to \$1,969,490. The carrying value of all other trade receivables was reduced from \$2,678,768 to \$1,902,268. On the basis of the Company's expected credit loss policy, the allowance was determined generally by applying a loss rate of 1% on balances 1-30 days past the invoice date, 2% for 31-60 days, 3% for 61-90 days and a minimum of 10% for those beyond 90 days. Specific consideration was applied for situations where the receivable is a holdback on a contract, and also for customers that have exceeded normal payment terms.

The closing balance of the trade receivables credit loss allowance as at March 31, 2026, reconciles with the trade receivables credit loss allowance opening balance as follows:

	\$
Loss allowance at December 31, 2024	2,504,500
Reversal recognized during the year	(1,555,000)
Loss recorded during the year	797,500
Loss allowance at December 31, 2025	1,747,000
Reversal recognized during the period	(708,500)
Loss recorded during the period	38,000
Loss allowance at March 31, 2026	1,076,500

7. Costs and profits in excess of billings on uncompleted contracts

As at March 31, 2026, the Company had nine contracts with total billings of \$5,319,662 which were less than total costs incurred and had recognized cumulative revenue of \$5,755,704 since those projects began. This compares with eight contracts with total billings of \$19,144,671 which were less than total costs incurred and had recognized cumulative revenue of \$19,843,976 as at December 31, 2025.

The net amount of \$436,042 as at March 31, 2026 (\$699,305 as at December 31, 2025) includes an expected credit loss allowance of \$44,000 (\$270,000 as at December 31, 2025). On the basis of the Company's expected credit loss policy, the

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

(In Canadian dollars)

allowance was determined generally by applying a loss rate of 2% on all balances, and adjusting for specific situations, such as past due customers, whereby the loss rate varied from 25% to 50%, or greater, if needed.

Changes in costs and profits in excess of billings on uncompleted contracts during the period are explained by \$693,087 (\$1,532,480 as at December 31, 2025) recognized at the beginning of the year being transferred to accounts receivable, \$203,824 (\$860,806 as at December 31, 2025) resulting from changes in the measure of progress and the variation in expected credit loss allowance of \$226,000 (\$161,500 as at December 31, 2025).

8. Investment tax credits

An amount recognized in the three-month period ended March 31, 2026, included \$5,470 (\$60,911 as at December 31, 2025) of investment tax credits earned during the period, \$3,610 (\$21,654 as at December 31, 2025) of the investment tax credits recognized during the period was recorded against cost of sales and services, and \$1,860 (\$39,257 as at December 31, 2025) against research and development expenses.

Eligible scientific research and experimental development (“SR&ED”) expenses during the period amounted to \$207,761 (\$1,578,444 as at December 31, 2025) less investment tax credits of \$5,470 (\$60,911 as at December 31, 2025), less government grants of \$Nil (\$18,004 as at December 31, 2025) totalling \$202,291 (\$1,499,529 as at December 31, 2025).

9. Strategic investments

	March 31, 2026	December 31, 2025
	\$	\$
Beauce Gold Fields (“BGF”) shares – level 1	41,032	46,161
	41,032	46,161

The change in the strategic investments is summarized as follows:

	("BGF") shares – level		("HPQ") shares - level 1		HPQ warrants – level 3		Total
	Quantity	\$	Quantity	\$	Quantity	\$	
December 31, 2024	1,025,794	30,774	–	–	–	–	30,774
Additions ¹	–	–	17,968,873	4,312,529	17,968,873	1,640,516	5,953,045
Disposed	–	–	(17,968,873)	(2,823,208)	–	–	(2,823,208)
Change in the fair value	–	15,387	–	(1,489,321)	–	(1,640,516)	(3,114,450)
December 31, 2025	1,025,794	46,161	–	–	17,968,873	–	46,161
Change in the fair value	–	(5,129)	–	–	–	–	(5,129)
March 31, 2026	1,025,794	41,032	–	–	17,968,873	–	41,032

¹The Company concluded an agreement with HPQ Silicon Inc., whereby \$819,197 of royalties receivable and \$4,122,243 of trade accounts receivable of HPQ Silicon (for a total of \$4,941,440) were exchanged in a debt-to-equity conversion. As a result, the Company received 17,968,873 common shares and 17,968,873 share purchase warrants of HPQ Silicon Inc.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

(In Canadian dollars)

At March 31, 2026, the fair value of the HPQ warrants was measured using the Black-Scholes option pricing model using the following assumptions:

	March 31, 2026
Number of warrants	17,968,873
Date of issuance	January 15, 2025
Exercise price (\$)	0.29
Assumptions under the Back-Scholes model:	
Fair value of the shares (\$)	0.04
Risk free interest rate (%)	2.89
Expected volatility (%)	81.72
Expected dividend yield	–
Contractual remaining life (in months)	10

As at March 31, 2026, an unrealized loss of \$334,905 related to the fair value of the warrants was included in the loss from the change in fair value of the strategic investment.

10. Accounts payable and accrued liabilities

	March 31, 2026	December 31, 2025
	\$	\$
Accounts payable	5,962,925	6,224,169
Accrued liabilities	5,393,586	3,513,815
Sale commissions payable ¹	483,907	553,910
Accounts payable to the controlling shareholder and CEO	466,218	122,503
	12,306,636	10,414,397

¹Sale commissions payable relates to the costs to obtain long-term contracts with clients.

11. Billings in excess of costs and profits on uncompleted contracts

The amount to date of costs incurred and recognized profits less recognized losses for construction projects in progress amounted to \$47,717,495 (\$31,750,803 as at December 31, 2025).

Payments to date received were \$55,311,717 on contracts in progress (\$41,631,507 as at December 31, 2025).

Changes in billings in excess of costs and profits on uncompleted contracts during the period are explained by \$3,598,259 (\$3,765,742 in 2025) recognized at the beginning of the year being recognized as revenue, and an increase of \$1,311,778 (\$4,635,995 in 2025) resulting from cash received excluding amounts recognized as revenue.

12. Term loans

	Economic Development Agency of Canada Loan¹
	\$
December 31, 2025	247,594
Accretion	6,223
Payments	(22,500)
Balance, March 31, 2026	231,317
Less current portion	(90,000)
March 31, 2026	141,317

¹ Maturing in 2029, non-interest bearing, payable in equal instalments of \$7,500 from April 2024 to March 2029.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

13. Secured loans

Secured Loan, \$2,385,000 May 2025

In May 2025, the Company completed a non-brokered private placement consisting of a loan (the “May 2025 Loan”) in the amount of \$2,385,000 with P. Peter Pascali who as the President and CEO of PyroGenesis, is a related party.

The May 2025 Loan included a one-time, non-refundable, upfront fee of \$300,000, and bears an interest rate of 5% per annum for the first year and 18% per annum thereafter. Interest is to be paid monthly. The loan will mature three years following the effective date of the loan. However, PyroGenesis has the right to prepay the balance of the loan at any time upon five days prior written notice to the lender.

In connection with the \$2,385,000 the Company received, it has issued 5,207,423 common share purchase warrants to the lender. Each warrant entitles the lender to acquire one common share of PyroGenesis at an exercise price of \$0.458 per share for a period of four years from the effective date of the loan, subject to a hold period of four months and one day in accordance with applicable securities laws.

The loan is secured by a hypothec on the universality of PyroGenesis’ movable and immovable property.

The secured Loan is a compound financial instrument, and the total proceeds of the issuance was allocated between a liability for the loan and an equity component for the warrants. The fair value of the liability component, net of upfront fee at inception, of \$1,375,062 was determined using estimated future cash flows discounted using a market interest rate of 12.5%. The residual amount representing the value of warrants totalling \$709,938 was classified in the shareholders’ equity (deficiency).

The effective interest rate of the liability component is 21%.

In 2026, \$1,175,000 of the May 2025 Loan was repaid.

Secured Loan, \$800,000 February 2026

In February 2026, the Company completed a non-brokered private placement consisting of a loan (the “February 2026 Loan”) in the amount of \$800,000 with P. Peter Pascali who as the President and CEO of PyroGenesis, is a related party.

The February 2026 Loan bears an interest rate of 5% per annum. Interest is to be paid quarterly and will mature one year following the effective date of the loan. However, PyroGenesis has the right to prepay the balance of the loan at any time upon five days prior written notice to the lender.

In connection with the \$800,000 the Company received, during the term of the loan, the lender shall have the right to convert, at any time, in whole or in part, the loan principal into units of the Company at the conversion price equal to \$0.30. Each of these unit consists of one common share of the Company and one-half a common share purchase warrant. Each full warrant entitles the holder to purchase one Common Share at a price of \$0.40 for a period of thirty-six months following the issuance date.

The loan is secured by a hypothec on the universality of PyroGenesis’ movable and immovable property.

The loan is a compound financial instrument, and the total proceeds of the issuance was allocated between a liability for the loan and an equity component for the conversion. The fair value of the liability component at inception, of \$700,000 was determined using estimated future cash flows discounted using a market interest rate of 20%. The residual amount representing the value of conversion feature totalling \$100,000 was classified in the shareholders’ equity (deficiency).

The effective interest rate of the liability component is 24%.

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	May 2025 Loan	February 2026 Loan	Total
	\$	\$	\$
December 31, 2025	1,980,250	—	1,980,250
Issuance, net of equity component	—	700,000	700,000
Interest accretion expense	99,092	21,118	120,210
Repayment	(1,175,000)	—	(1,175,000)
March 31, 2026	904,342	721,118	1,625,460

14. Shareholders' equity

Common shares and warrants

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issuance of units

On March 26, 2026, the Company completed a non-brokered private placement consisting of the issuance and sale of 3,654,536 units of the Company at a price of \$0.54 per unit, for net proceeds of \$1,973,449. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.70 until March 30, 2029. The entire amount is allocated to the common shares as the fair value of the common shares on March 30, 2026, was \$0.54 per common share.

On December 1, 2025, the Company completed a non-brokered private placement consisting of the issuance and sale of 4,520,414 units of the Company at a price of \$0.20 per unit, for gross proceeds of \$904,083. Each unit consists of one Common Share of the Company and one common share purchase warrant, at a price of \$0.20 per unit. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.40 for a period of twenty-four months following the closing date. The Company allocated an amount of \$813,675 to share capital representing the fair value of the shares on December 1, 2025, of \$0.18 per common share and the residual amount of \$90,408 to warrants.

On November 10, 2025, the Company completed a non-brokered private placement consisting of the issuance and sale of 4,110,000 units of the Company at a price of \$0.20 per unit, for gross proceeds of \$822,000. Each unit consists of one Common Share of the Company and one common share purchase warrant, at a price of \$0.20 per unit. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.40 for a period of twenty-four months following the closing date. The entire amount is allocated to the common shares as the fair value of the common shares on November 10, 2025, was \$0.21 per common share.

On October 24, 2025, the Company completed a non-brokered private placement consisting of the issuance and sale of 5,555,556 units of the Company at a price of \$0.63 per unit, for gross proceeds of \$3,500,000. Each unit consists of one common share of the Company and one common share purchase warrant, at a price of \$0.63 per unit. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.28 for a period of forty-eight months following the closing date. The entire offering was subscribed for by the Company's President and Chief Executive Officer. The Company allocated an amount of \$1,277,778 to share capital representing the fair value of the shares on October 19, 2025, of \$0.23 per common share and the residual amount of \$2,222,222 to warrants.

Stock options

The Company has a stock option plan authorizing the Board of Directors to grant options to directors, officers, employees and consultants to acquire common shares of the Company at a price computed by reference to the closing market price of the shares of the Company on the business day before the Company notifies the stock exchanges of the grant of the option. The number of shares which may be granted to any one person shall not exceed 5% (2% for consultants) of total share capital over a twelve-month period.

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The following table sets out the activity in stock options:

	Number of options	Weighted average exercise price \$
December 31, 2024	13,210,000	2.74
Granted	8,960,000	0.23
Forfeited	(3,530,000)	3.15
December 31, 2025	18,640,000	1.45
Granted	700,000	0.30
Forfeited	(330,000)	1.79
March 31, 2026	19,010,000	1.40

Grants in 2026

In January 2026, the Company granted 50,000 stock options to the President and Chief Executive Officer of the Company, and 650,000 stock options to members of its Board of Directors. The stock options have an exercise price of \$0.30 per common share, vest immediately and are exercisable over a period of five (5) years. The Company accounted for an expense amounting to \$137,275 related to these options as the stock options granted related to the services in 2025 and there was a shared understanding of the terms and conditions related to such grant prior to the grant date.

Grants in 2025

In January 2025, the Company granted 50,000 stock options to the President and Chief Executive Officer of the Company, and 650,000 stock options to members of its Board of Directors. The stock options have an exercise price of \$0.57 per common share, vest immediately and are exercisable over a period of five (5) years. The Company accounted for an expense amounting to \$281,722 related to these options as the stock options granted related to the services in 2024 and there was a shared understanding of the terms and conditions related to such grant prior to the grant date.

In April 2025, the Company granted 100,000 stock options to the Chief Financial Officer of the Company. The stock options have an exercise price of \$0.51 per common share, The 100,000 options will vest as follows: 50 percent as of the day of the grant, 50 percent on the first anniversary of the grant date, and are exercisable over a period of five (5) years.

In December 2025, the Company granted 8,160,000 stock options. The stock options have an exercise price of \$0.20 per common share. Of the 8,160,000 stock options granted, 150,000 stock options to the President and Chief Executive Officer of the Company. The stock options vest as follows: 50 percent as of the day of the grant, and 50 percent on the first anniversary of the grant date of the stock options. 750,000 stock options to members of its Board of Directors. The stock options vest as follows: 50 percent as of the day of the grant, and 50 percent on the first anniversary of the grant date of the stock options. 5,260,000 stock options to employees of the Company. The stock options will vest as follows: 10 percent as of the day of the grant, 20 percent on the first anniversary of the grant date, 30 percent on the second anniversary of the grant date, and 40 percent on the third anniversary of the grant date. 2,000,000 stock options to consultants of the Company. The stock options vest as follows: 30 percent as of the day of the grant, and 70 percent on the first anniversary of the grant date of the stock options and are exercisable over a period of five (5) years.

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The weighted average fair value of stock options granted for the three-month period ended March 31, 2026, was \$0.30 (\$0.40 for the three-month period ended March 31, 2025). The weighted average fair value of each option granted was estimated at the grant date for purposes of determining share-based payment expense using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	2025		
	700,000	8,160,000	100,000
Number of options granted			
Exercise price (\$)	0.30	0.20	0.51
Fair value of each option under the Black-Scholes pricing model (\$)	0.20	0.12	0.34
Assumptions under the Black-Scholes model:			
Fair value of the shares (\$)	0.30	0.20	0.51
Risk-free interest rate (%)	2.90	2.64	2.61
Expected volatility (%)	79.69	77.50	83.88
Expected dividend yield	—	—	—
Expected life (number of months)	60	60	60

The underlying expected volatility was determined by reference to historical data of the Company's share price. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

As at March 31, 2026, the outstanding options, as issued under the stock option plan to directors, officers, employees and consultants for the purchases of one common share per option, are as follows:

Grant date	Number of stock options			Number of stock options March 31, 2026	Number of stock options vested ¹	Exercise price per option	Expiry date
	December 31, 2025	Granted	Forfeitures				
						\$	
April 6, 2021	550,000	—	—	550,000	550,000	8.47	April 6, 2026
June 1, 2021	200,000	—	—	200,000	200,000	6.59	June 1, 2026
June 14, 2021	100,000	—	—	100,000	100,000	6.70	June 14, 2026
October 14, 2021	100,000	—	—	100,000	100,000	5.04	October 14, 2026
December 17, 2021	1,920,000	—	—	1,920,000	1,920,000	3.13	December 17, 2026
December 30, 2021	100,000	—	—	100,000	100,000	3.61	December 30, 2026
January 3, 2022	450,000	—	—	450,000	450,000	3.36	January 3, 2027
April 5, 2022	250,000	—	—	250,000	250,000	2.96	April 5, 2027
June 2, 2022	1,500,000	—	(100,000)	1,400,000	1,400,000	3.88	June 2, 2027
January 2, 2023	1,375,000	—	(125,000)	1,250,000	1,250,000	1.03	January 2, 2028
April 11, 2023	60,000	—	(60,000)	—	—	1.09	April 11, 2028
September 29, 2023	1,425,000	—	—	1,425,000	1,425,000	0.53	September 29, 2028
January 1, 2024	550,000	—	—	550,000	550,000	0.43	January 1, 2029
May 1, 2024	100,000	—	—	100,000	65,000	0.56	May 1, 2029
October 8, 2024	1,000,000	—	—	1,000,000	800,000	0.85	October 8, 2029
January 1, 2025	700,000	—	—	700,000	700,000	0.57	January 1, 2030
April 3, 2025	100,000	—	—	100,000	50,000	0.51	April 3, 2030
December 3, 2025	8,160,000	—	(45,000)	8,115,000	1,776,000	0.20	December 3, 2030
January 14, 2026	—	700,000	—	700,000	700,000	0.30	January 14, 2031
	18,640,000	700,000	(330,000)	19,010,000	12,386,000	1.40	

¹At March 31, 2026, the weighted average exercise price for options outstanding which are exercisable was \$2.03.

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For the three-month period ended March 31, 2026, a stock-based compensation expense of \$161,389 was recorded in Selling, general and administrative expenses in the condensed consolidated statements of comprehensive loss, (\$12,667 for the three-month period ended March 31, 2025).

At March 31, 2026, an amount of \$647,465 (\$810,126 at December 31, 2025) remains to be amortized until January 2030 related to the grant of stock options.

Share purchase warrants

The following table reflects the activity in warrants during the period ended March 31, 2026, and the number of issued and outstanding share purchase warrants at March 31, 2026:

Issuance date	Number of warrants		Number of warrants		Exercise price per warrant (\$)	Expiry date
	December 31, 2025	Issued	March 31, 2026			
July 22, 2024	1,416,250	—	1,416,250	0.63	July 17, 2026	
May 12, 2025	5,207,423	—	5,207,423	0.46	May 12, 2029	
October 24, 2025	5,555,556	—	5,555,556	0.28	October 24, 2029	
November 10, 2025	4,110,000	—	4,110,000	0.40	November 10, 2027	
December 1, 2025	4,520,414	—	4,520,414	0.40	December 1, 2027	
March 30, 2026	—	1,827,268	1,827,268	0.70	March 30, 2029	
	20,809,643	1,827,268	22,636,911			

15. Supplemental disclosure of cash flow information

	March 31, 2026	March 31, 2025
	\$	\$
Accounts receivable	(968,194)	(332,406)
Costs and profits in excess of billings on uncompleted contracts	263,263	787,150
Inventory	36,447	(121,403)
Investment tax credits receivable	(5,470)	—
Deposits	(286,339)	(127,398)
Contract assets & other assets	41,228	(5,728)
Prepaid expenses	(197,254)	(664,597)
Accounts payable and accrued liabilities	1,855,591	262,190
Billings in excess of costs and profits on uncompleted contracts	(2,286,483)	1,139,407
	(1,547,211)	937,215

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16. Supplemental disclosure on statements of comprehensive loss

	March 31, 2026	March 31, 2025
	\$	\$
Cost of Sales and Services:		
Employee salary and benefits	948,043	881,041
Amortization and write-off of intangible assets	48,823	11,107
Inventories recognized in cost of sales	39,905	33,766
Selling, General and Administrative Expenses:		
Employee salary and benefits	1,696,965	1,934,482
Share-based compensation expense	161,389	12,667
Government grants	(32,126)	(856)
Depreciation of property and equipment	196,178	180,323
Depreciation of right-of-use assets	71,154	182,554

17. Financial expenses (income), net

	March 31, 2026	March 31, 2025
	\$	\$
Financial expenses		
Interest on lease liabilities	29,054	63,263
Interest on convertible debentures	14,729	47,762
Interest on convertible loan	–	5,313
Interest on secured loans	34,292	–
Interest accretion on and revaluation of balance due on business combination	–	19,740
Interest accretion on long term loans	6,223	7,773
Interest accretion on convertible debentures	21,310	53,529
Interest accretion on convertible loan	–	30,908
Interest accretion on secured loans	120,210	–
Penalties and other interest expenses	25,235	80,063
	251,053	308,351
Financial income		
Accretion interest on royalty receivable	(29,507)	(22,141)
Net financial expenses (income)	221,546	286,210

18. Loss per share

The following table provides a reconciliation between the number of basic and fully diluted shares outstanding for the three-month period ended March 31:

	March 31, 2026	March 31, 2025
	\$	\$
Weighted average number of common shares outstanding	202,761,987	190,085,328
Weighted average number of diluted shares outstanding	202,761,987	190,085,328

Number of anti-dilutive stock options and warrants excluded from fully diluted earnings per share calculation

41,646,911 16,791,993

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19. Related party transactions

During the three-month period ended March 31, 2026, and during 2025, the Company concluded the following transactions with related parties:

A balance due to the controlling shareholder and CEO of the Company amounted to \$466,218 at March 31, 2026, (\$122,503 at December 31, 2025) and is included in accounts payable and accrued liabilities.

In March 2026, the President and CEO, participated in a non-brokered private placement for gross proceeds of \$397,000. Two officers of the Company also participated for a total amount of \$68,800.

In February 2026, the President and CEO, participated in a non-brokered secured loan for gross proceeds of \$800,000.

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

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

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

	March 31, 2026	March 31, 2025
	\$	\$
Salaries – key management	280,919	443,691
Pension contributions	4,698	8,143
Fees – Board of Directors	37,300	40,600
Share-based compensation – officers	112,162	121,464
Share-based compensation – Board of Directors	15,979	48,002
Other benefits – key management	41,744	152,992
Total compensation	492,802	814,892

20. Financial instruments

As part of its operations, the Company carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these 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.

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As at March 31, 2026 and December 31, 2025 the Company's exposure to foreign exchange risk for amounts denominated in US dollars and Euros is as follows, as expressed in Canadian dollars:

	March 31, 2026		December 31, 2025	
	US \$	Euro \$	US \$	Euro \$
Cash	156,882	–	860,174	–
Accounts receivable	3,837,218	81,416	3,318,106	912,512
Accounts payable and accrued liabilities	(2,462,101)	(1,456,610)	(1,928,905)	(15,313)
Total	1,531,999	(1,375,194)	2,249,375	897,199

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

Sensitivity analysis

At March 31, 2026, 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 March 31, 2026, would have been \$153,200 and (\$137,519), respectively (December 31, 2025 - \$224,938 and \$89,720, respectively).

Credit concentration

During the three-month period ended March 31, 2026, two customers accounted for 45% (March 31, 2025 – one customer for 38%) of revenues from operations.

	Three months ended March 31, 2026		Three months ended March 31, 2025	
	Revenues \$	% of total revenues %	Revenues \$	% of total revenues %
Customer 1	1,549,129	32	1,143,749	38
Customer 2	652,756	13	–	–
Total	2,201,885	45	1,143,749	38

Two customers accounted for 46% and 17%, respectively (December 31, 2025 – two customers for 37% and 12%, 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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum credit risk to which the Company is exposed as at March 31, 2026, represents the carrying amount of cash, accounts receivable (except sales tax receivable), costs and profits in excess of billings on uncompleted contracts, deposits and royalties receivable.

Cash is held with major reputable financial institutions.

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

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

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

The royalties receivable are due from a company in which the Company had a strategic investment, until the entirety of the shares were disposed in April 2025. 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 March 31, 2026 and December 31, 2025, no loss allowance has been recognized in connection with these deposits and the maximum exposure is the carrying amount of these deposits.

During the three-month period ended March 31, 2026, and the year-end December 31, 2025, 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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk, and on the fair value of investments or liabilities, known as price risks. The Company is exposed to a risk of fair value on term loans, convertible debentures, convertible loan and the secured loans as those financial instruments bear interest at fixed rates. The Company has determined the risk not to be significant.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from foreign currency risk and interest risk), whether those changes are caused by factors specific to the individual financial instrument or its issuers or factors affecting all similar financial instruments traded in the market. The most significant exposure to the price risk for the Company arises from its investments in shares and warrants of public companies quoted on the TSX Venture Exchange. If equity prices had increased or decreased by 25% as at March 31, 2026, with all other variables held constant, the Company's investments would have increased or decreased respectively, by approximately \$10,258 (\$11,540 as at December 31, 2025).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

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The following table summarizes the contractual amounts payable and maturities of financial liabilities and other liabilities at March 31, 2026:

	Carrying value	Total contractual amount	Less than one year	2-3 years	4-5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities ¹	11,022,293	11,022,293	11,022,293	–	–	–
Term loans	231,317	270,000	90,000	180,000	–	–
Balance due on business combination	771,120	771,120	771,120	–	–	–
Lease liabilities	3,625,629	4,319,132	2,360,478	405,878	401,580	1,151,196
Convertible debentures	406,473	425,547	425,547	–	–	–
Secured loans	1,625,459	2,523,975	2,523,975	–	–	–
	17,682,291	19,332,067	17,193,413	585,878	401,580	1,151,196

¹Accounts payable and accrued liabilities exclude amounts which are not financial liabilities.

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

Fair value of financial instruments

The fair value represents the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value estimates are calculated at a specific date taking into consideration assumptions regarding the amounts, the timing of estimated future cash flows and discount rates. Accordingly, due to its approximate and subjective nature, the fair value must not be interpreted as being realizable in an immediate settlement of the financial instruments.

There are three levels of fair value that reflect the significance of inputs used in determining fair values of financial instruments:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data.

The fair values of cash, trade accounts receivable, other receivables, deposits, bank indebtedness, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term maturities.

Investments in BGF and HPQ shares are valued at quoted market prices and are classified as Level 1.

Royalties receivable are discounted according to their corresponding agreements and are classified as Level 2.

Investments in HPQ warrants are valued using the Black-Scholes pricing model and are classified as Level 3 (Note 9).

The fair value of the term loans, the convertible debentures and secured loans, as at March 31, 2026, is determined using the discounted future cash flows method and management's estimates for market interest rates for similar issuances.

The balance due on business combination is determined by estimating the present value of probable future economic outflows from the settlement of the provisions contained in the purchase agreement. Accordingly, as a result, their fair market values correspond to their carrying amount. The term loans and convertible debentures are classified as level 2 and the balance due on business combination as Level 3.

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The following table presents the variation of the balance due on business combination:

	\$
Balance due on business combination at December 31, 2024	1,726,510
Interest accretion	60,761
Balance due on business combination at December 31, 2025	771,120
Interest accretion	—
Balance due on business combination at March 31, 2026	771,120

21. Contingent liabilities

The Company is currently a party to various legal proceedings. If management believes that a loss arising from these proceedings is probable and can reasonably be estimated, that amount of the loss is recorded. As additional information becomes available, any potential liability related to these proceedings is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these proceedings, individually and in aggregate, will not have a material adverse effect on the Company's financial position or overall trends in results of operations.

In August 2023, the Autorité des marchés financiers (the "AMF") initiated administrative proceedings against Mr. P. Peter Pascali, President and CEO, Mr. Alan Curleigh, Chair of the Board of Directors, and the Company with the Tribunal administratif des marchés financiers. The allegations largely relate to a series of connected transactions that occurred in 2018. The administrative penalty sought by the AMF and attributable to the Company is \$550,000. The Company is currently assessing the merits of the AMF's allegations and therefore it is not possible to determine at this time an amount, if any, for the administrative penalty sought by the AMF, and accordingly, no provision has been recorded in this respect.

22. Capital management

The Company's objectives in managing capital are:

- a) To ensure sufficient liquidity to support its current operations and execute its business plan; and
- b) To provide adequate return to the shareholders

The Company's primary objectives when managing capital is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Company currently funds these requirements from cash flows from operations and with financing arrangements with third parties and shareholders. The Company is not subject to any externally imposed capital requirements.

The Company monitors its working capital in order to meet its financial obligations. On March 31, 2026, the Company's working capital deficiency was \$13,761,614 (\$15,423,288 at December 31, 2025).

The management of capital includes shareholders' deficiency for a total amount of \$9,024,101 and term loans of \$231,317 (\$10,428,918 and \$247,594 respectively at December 31, 2025), as well as cash amounting to \$526,220 (\$1,088,707 at December 31, 2025).

There were no significant changes in the Company's approach during the current three-month period and preceding fiscal year, however, in order to maintain or adjust the capital structure, the Company may issue new shares, sell portions of its strategic investment and periodically purchase its own shares on the open market.

PyroGenesis Inc.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2026 and for the periods ended March 31, 2026 and 2025

(Unaudited)

(In Canadian dollars)

23. Segment information

The Company operates in one segment, based on financial information that is available and evaluated by the Company's Board of Directors. The Company's head office is located in Montreal, Quebec. The operations of the Company are located in three geographic areas: Canada, Italy and India.

The following is a summary of the Company's total revenues by geography:

	Three months ended March 31,	
	2026	2025
	\$	\$
Austria	–	27,503
Brazil	(1,159)	(2,946)
Belgium	69,753	–
Canada	438,785	656,420
France	474,064	–
Germany	–	289
India	35,972	123,238
Italy	7,535	–
Mexico	89,676	55,837
Netherlands	64,971	21,231
New Zealand	1,549,129	276,784
Norway	140,580	(834)
Poland	97,773	43,051
Saudi Arabia	185,753	85,401
Sweden	684,353	–
United States of America	1,035,378	1,701,561
	4,872,563	2,987,535

Revenue by product line and revenues recognized by revenue recognition method are presented in Note 5.