Cymat Technologies Ltd.
Management's Discussion and Analysis ("MD&A")
As at January 31, 2026

April 1, 2026

The following discussion and analysis of Cymat Technologies Ltd. ["Cymat" or the "Company"] financial condition and results of operations should be read in conjunction with the audited comparative consolidated financial statements of the Company for the year ended April 30, 2025, and the associated notes to the consolidated financial statements.

The Company prepares its unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ["IASB"]. All financial information contained in this MD&A and in the unaudited consolidated interim financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting.

This MD&A is dated April 1, 2026, and all amounts herein are denominated in Canadian dollars, unless otherwise stated. This MD&A reflects the accounts of Cymat and its wholly-owned subsidiary, ALU-MMC Hungary, Zrt.

The information below contains certain forward-looking statements that reflect the current view of Cymat with respect to future events and financial performance. Wherever used, the words "may", "will", "anticipate", "intend", "expect", "plan", "believe", and similar expressions identify forward-looking statements. Any such forward-looking statements are subject to risks and uncertainties, and the Company's actual results of operations could differ materially from historical results or current expectations. The Company will review the forward-looking information in the preparation of the MD&A on a quarterly basis and, where appropriate, provide updated forward-looking statements based on the most current view of Cymat.

1. Company Overview and Business of Company

Cymat was incorporated on June 14, 2006 under the Business Corporations Act (Ontario) and is the successor to Duntroon Energy (formerly Cymat Corp.) which was incorporated on June 30, 1998 under the Business Corporations Act (Ontario).

Cymat develops innovative materials for industry. The Company has worldwide rights, through patents and licenses, to produce Stabilized Aluminum Foam ("SAF"). This ultra-light metallic foam is produced using a proprietary, versatile process in which gas is bubbled into molten-alloyed aluminum containing a dispersion of fine ceramic particles to create foam that is then cast into either flat panels or near-net shapes. The result is a material, which is recyclable, with a wide array of features including very low density, mechanical energy absorption, thermal and acoustic insulation, time and temperature insensitivity and has a relatively low cost of production. Our technology is focused on producing products for 4 major markets: automotive, architecture, defense and general industrial markets seeking energy management systems.

Cymat markets architectural material under the trademark, "Alusion™". Energy management and engineering-focused products are marketed under the "SmartMetal™" trademark.

2. Selected Financial Information

The following table presents selected financial information for the three and nine-month periods ended January 31, 2026, and January 31, 2025

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	Three Months Ended January 31		**Nine Months Ended January 31**	
	2026 ($)	2025 ($)	**2026 ($)**	2025 ($)
Interim Statements of Operations				
Revenue	**614,764**	1,156,777	**1,059,535**	3,481,541
Plant operating expenses	**573,113**	825,817	**1,131,053**	2,747,478
Research and material testing expense	**39,370**	44,344	**154,398**	225,464
Selling, general and administrative expenses	**633,381**	606,786	**2,037,328**	1,885,521
Loss from operations	**(631,099)**	(304,858)	**(2,263,242)**	(1,376,922)
Net loss	**(1,079,464)**	(951,519)	**(3,266,960)**	(2,118,327)
Interim Statements of Cash Flows				
Cash used in operating activities	**(424,956)**	(18,164)	**(2,364,893)**	(808,243)

The following tables present selected quarterly financial information for the eight most recent quarters for the period ended January 31, 2026.

Selected Financial Information by Fiscal Quarter
All Items in $ 000's, except Net Loss per Share

Three months ended,	Jan 31, 2026	Oct 31, 2025	Jul 31, 2025	Apr 30, 2025	Jan 31, 2025	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024
Revenue	615	252	193	229	1,157	333	1,992	231
Plant operating expenses	573	135	423	468	826	482	1,440	167
Research and material testing expenses	39	73	42	43	44	41	141	42
SG&A expenses	633	835	568	790	607	608	670	750
Net Loss	(1,079)	(998)	(1,190)	(1,250)	(625)	(952)	(542)	(879)
Net Loss per Share	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Operating cash flow	(425)	(1,537)	(402)	(791)	(18)	(1,062)	272	98
Cash & cash equivalents	314	906	324	354	55	211	196	56
Restricted cash	21	21	21	21	21	21	21	21
Working capital	(4,961)	(314)	(5,537)	(4,866)	(5,058)	(4,442)	(3,475)	(2,968)

3. Results of Operations

Comparison of the Three Months Ended January 31, 2026, and January 31, 2025

Revenue

Revenue for the third quarter of fiscal 2026 was $615,000, representing a $542,000, or 47%, decrease compared to revenue of $1,157,000 for the third quarter of fiscal 2025.

Revenue for the current quarter included sales of Alusion™ in the amount of $605,000 compared to sales of Alusion™ in the amount of $199,000 in the third quarter of the prior fiscal year. The current quarter orders included an order of $330,000 for Israel, an order of $125,000 for the Kingdom of Saudi Arabia and an order of $67,000 to Lithuania. Revenue for the comparative quarter included a $154,000 order of panels for installation in a resort located in the Dominican Republic.

The third quarter of this fiscal year included SmartMetal™ sales of $10,000 compared to SmartMetal™ sales of $958,000 for the third quarter of the prior fiscal year. Revenue for the comparative quarter included the $810,000 for environmental protection SmartMetal™ panels shipped to NUVIA, a global specialist in nuclear technology based in France. The current quarter would have included SmartMetal™ revenue for vehicular blast protection kits of $510,000; however, the Canada Border Services Agency held the shipment pending approval of an export permit.

Revenue is measured based on the consideration promised in a contract with a customer. The Company recognizes revenue when it transfers control of a good or service to a customer. Based on the terms of the specific transaction, control typically transfers at a point along a continuum that is as early as the products' departure from the Company's warehouse to as late as the passing of inspection following the products' arrival at a designated shipment location. Amounts received in advance of recognized revenues are recorded as deferred revenue.

Plant Operating Expenses

Plant operating expenses for the quarter ended January 31, 2026, were approximately $573,000, a decrease of $253,000, or 31%, as compared to expenses of $826,000 for the quarter ended January 31, 2025.

Plant operating expenses include the direct operating expenses of labour, material, consumables, maintenance, freight and changes in inventory as well as manufacturing overhead costs. These direct operating expenses were $375,000 for the third quarter of this fiscal year, compared to $628,000 for the third quarter of the previous year. Direct operating expenses were proportionate with sales levels for the quarters.

Plant operating expenses also includes factory overhead costs such as facility costs and utilities. These expenses totalled approximately $93,000 for the third quarter of fiscal 2026 as compared to $100,000 for the same quarter of fiscal 2025. Higher current quarter electricity costs resulting from both higher usage and higher rates ($16,000) were offset by lower common area charges from the landlord ($23,000) compared to the prior period.

Plant operating expenses also include depreciation expense of approximately $106,000 for the three months ended January 31, 2026, and $98,000 for the same period ended January 31, 2025.

Research and Material Testing Expenses

Research and material testing expenses for the third quarter of fiscal 2026 were $39,000 compared to $44,000 for the comparative quarter. Activities in the current quarter focused on activities pertaining to automotive business development initiatives and industrial manufacturing process innovation. Activities in the comparative quarter focused primarily on automotive related initiatives.

Research and material testing expenses included depreciation expenses regarding lab and testing equipment of approximately $2,000 in each of the quarters.

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses for the quarter ended January 31, 2026, were approximately $633,000, as compared to expenses of $607,000 for the same quarter ended January 31, 2025. Increased non-cash charges for stock-based employee and consultant options ($74,000) were partially offset by lower expenses for insurance ($28,000) and shareholder related services ($23,000).

SG&A expenses include depreciation of $20,000 for the third quarter of fiscal 2026 and $16,000 for the third quarter of fiscal 2025.

Foreign Exchange Gain

For the third quarter of fiscal 2026, there was a foreign exchange gain of $11,000, compared to a foreign exchange loss of $8,000 for the third quarter of fiscal 2025.

Interest and Financing Expense

Interest and financing expense for the three months ended January 31, 2026, reflects an aggregate cost of $460,000 (January 31, 2025 - $296,000). Interest expense includes $32,000 in royalty-based financing fees (2025 - $49,000) - including $12,000 payable to a related party (2025 - $19,000). The expense for the current quarter also includes $29,000 of interest regarding the lease liability (2025 - $38,000). Interest expense for the current quarter also includes $396,000 pertaining to the promissory notes payable (2025 - $205,000), with $28,000 payable to a related party (2024 - $Nil). Interest for the quarter also includes $3,000 regarding the accretion of interest on the loan received through the federal government's Regional Relief and Recovery Fund (2025 - $4,000).

Net Loss

The third quarter of fiscal 2026 experienced a net loss of $1,079,000 based on a loss from operations of $631,000 before a foreign exchange gain and interest expense compared to a net loss of $625,000 for the third quarter of fiscal 2025 based on a loss from operations of $320,000 before a foreign exchange loss and interest expense. The net loss for the quarter ended January 31, 2026, includes the non-cash items of depreciation of approximately $128,000 (2025 – $116,000) and a share-based compensation expenses of approximately $76,000 (2025 – $2,000).

Comparison of the Nine Months Ended January 31, 2026, and January 31, 2025

Revenue

Revenue for the first nine months of fiscal 2026 was $1,060,000, representing a $2,422,000, or 70%, decrease compared to revenue of $3,482,000 for the first nine months of fiscal 2025.

Revenue for the current period included sales of Alusion™ in the amount of $1,025,000 compared to sales of Alusion™ in the amount of $2,109,000 in the first nine months of the prior fiscal year. The current period orders included a couple of orders shipped to the Middle East, an order shipped to Lithuania, a library refurbishment in California and several architectural installations in Australia. Prior period orders included panels for a water park located in the Sindalah district of the NEOM development in the Kingdom of Saudi Arabia, panels for the exterior cladding of for an Italian energy company's facilities and architectural panels destined for China.

The first nine months of this fiscal year included SmartMetal™ sales of $34,000 compared to SmartMetal™ sales of $1,373,000 for the first nine months of the prior fiscal year. As stated above, export approval delays with the CBSA on the vehicle blast protection kits prevented additional SmartMetal™ revenue of $510,000 from being recorded in the period. Revenue for the comparative nine-month period included SmartMetal™ underbelly protection kits sold to our Asian military vehicle manufacturer customer, two shipments of aluminum foam cylinders for non-lethal projectiles and an order of SmartMetal™ panels engineered to protect critical infrastructure from environmental threats for NUVIA.

Revenue is measured based on the consideration promised in a contract with a customer. The Company recognizes revenue when it transfers control of a good or service to a customer. Based on the terms of the specific transaction, control typically transfers at a point along a continuum that is as early as the products' departure from the Company's warehouse to as late as the passing of inspection following the products' arrival at a designated shipment location. Amounts received in advance of recognized revenues are recorded as deferred revenue.

Plant Operating Expenses

Plant operating expenses for the nine months ended January 31, 2026, were approximately $1,131,000, a decrease of $1,616,000, or 59%, as compared to expenses of $2,747,000 for the period ended January 31, 2025, in keeping with the lower reported sales level.

Plant operating expenses include the direct operating expenses of labour, material, consumables, maintenance, freight and changes in inventory as well as manufacturing overhead costs. These direct operating expenses were $567,000 for the first nine months of this fiscal year, compared to $2,177,000 for the comparative period. A significant portion of the direct operating expenses for the current period quarter were allocated to inventory in connection with completed vehicular blast protection kits and work in process for a NUVIA order.

Plant operating expenses also includes factory overhead costs such as facility costs and utilities. These expenses totalled approximately $255,000 for the first nine months of fiscal 2026 as compared to $278,000 for the same period of fiscal 2025. A decreased charge from the landlord for common area expenses was the primary driver of the period-over-period expense decrease.

Plant operating expenses also include depreciation expense of approximately $309,000 for the nine months ended January 31, 2026, and $293,000 for the same period ended January 31, 2025.

Research and Material Testing Expenses

Research and material testing expenses for the first nine months of fiscal 2026 were $154,000 compared to $225,000 for the comparative period. Research and development activities in the current year focused on automotive business development initiatives and industrial manufacturing process innovation. Activities in the comparative period focused primarily on automotive related initiatives.

Research and material testing expenses also included depreciation expenses regarding lab and testing equipment of approximately $6,000 in each of the periods.

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses for the nine months ended January 31, 2026, were approximately $2,037,000, as compared to expenses of $1,886,000 for the same period ended January 31, 2025. Higher expenses included increased non-cash charges for stock-based employee and consultant options ($167,000), cash-based consulting fees ($60,000) and recruiting fees ($9,000), partially offset by lower commission expenses ($105,000).

SG&A expenses include depreciation of $60,000 for the first nine months of fiscal 2026 and $49,000 for the first nine months of fiscal 2025.

Foreign Exchange Gain

For the first nine months of fiscal 2026, there was a foreign exchange gain of $7,000, compared to a foreign exchange loss of $19,000 for the first nine months of fiscal 2025.

Interest and Financing Expense

Interest and financing expense for the nine months ended January 31, 2026, reflects an aggregate cost of $997,000 (January 31, 2025 - $722,000). Interest expense includes $57,000 in royalty-based financing fees (2025 - $164,000) - including $21,000 payable to a related party (2025 - $63,000). The expense for the current period also includes $94,000 of interest regarding the lease liability (2025 - $120,000). Interest expense for the current period also includes $837,000 pertaining to the promissory notes payable (2025 - $426,000), with $69,000 payable to a related party (2025 - $18,000). Interest for the quarter also includes $9,000 regarding the accretion of interest on the loan received through the federal government's Regional Relief and Recovery Fund (2025 - $12,000).

Net Loss

The first nine months of 2026 reflected a net loss of $3,267,000 based on a loss from operations of $2,263,000 before a foreign exchange gain, loss on debt settlement and interest expense compared to a net loss of $2,118,000 for the first nine months of fiscal 2025 based on a loss from operations of $1,377,000 before a foreign exchange loss and interest expense.

The net loss for the period ended January 31, 2026, includes the non-cash items of depreciation of approximately $374,000 (2025 – $347,000) and share-based compensation and consulting fee expenses of approximately $193,000 (2025 – $26,000).

4. Liquidity and Capital Resources

Sources and Uses of Cash

As at January 31, 2026, the Company had approximately $314,000 in cash and cash equivalents on hand. For the current period, the cash flow used by operating activities was approximately $2,365,000 (January 31, 2025 – $808,000 used by operations). For the current period, cash used by operating activities was the result of a net loss adjusted for items not involving cash of approximately $1,746,000 (2025 – $1,197,000) and cash used in changes in non-cash working capital balances of $619,000 (2025 –$389,000 provided by changes in non-cash working capital).

For the current period investing activities used cash of $49,000 (prior period - $34,000) in the purchase of production equipment.

For the nine months ended January 31, 2026, cash provided by financing activities totaling $2,374,000 was the result of the proceeds from the exercise of warrants ($1,192,000), proceeds from an equity private placement ($1,576,000) and the exercise of stock options ($247,000), partially offset by building lease payments ($394,000), the settlement of promissory notes ($221,000) and RRRF loan payments ($27,000).

For the nine months ended January 31, 2025, cash provided by financing activities in the amount of $841,000 was the result of the issuance of promissory notes ($1,243,000), partially offset by lease payments ($378,000) and RRRF loan repayments ($24,000).

Investments in Property, Plant and Equipment

In the first nine months of fiscal 2026, the Company incurred $46,000 (fiscal 2025 – $34,000) of capital expenditure for production equipment and $3,000 for computer equipment. Management maintains its capital expenditure with the goal of meeting expected production demands and to support research and development initiatives.

Licenses and technology rights

Cymat controls the following patent elements related to its SAF which cover:

- the fundamental process to make foam, irrespective of final shape;
- the fundamental process to make foam as a shaped part or a flat panel; and
- the fundamental process to make shaped parts using displacement casting.

The scope of patent protection provides Cymat with important cost advantages in the production of aluminum foams.

Cymat continues to develop and protect its intellectual property and its proprietary manufacturing processes. It is Cymat's intention to continue to vigorously employ all legal remedies available to enforce its intellectual property rights.

Going Concern Uncertainty

To date, operational activities have not been sufficient, on their own, to finance the Company's requirements. Financings consisting primarily of equity offerings have been used to supplement revenue streams. The development of applications utilizing SAF as well as its production process involve significant financial risks, including the ability of the Company to develop and penetrate new markets, obtain additional financing as required, achieve profitable production and the ability for the Company to be able to successfully assert its intellectual property rights and protect against patent infringement. The Company has incurred significant operating losses and cash outflows from operations.

As at January 31, 2026, the anticipated level of cash flows from operating activities for the next twelve months is not assured to be sufficient to sustain operations. The ability of the Company to continue as a going concern is dependent upon achieving future profitable operations and may also be dependent upon raising additional financing through borrowings or equity issuance. The outcome of these matters is dependent on a number of items outside the Company's control. As a result, there are material uncertainties that cast significant doubt as to whether the Company will have the ability to continue as a going concern.

The consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern assumption were not found to be appropriate for these consolidated financial statements, adjustments might be necessary in the carrying values of assets and liabilities, the statement of consolidated financial position classifications and the reported expenses. Such adjustments could be material.

5. Investments and Capitalization

Cymat is listed on the TSX – Venture Exchange, trading under the symbol CYM. Cymat is also listed on the OTCQB Exchange in the United States, trading under the symbol CYMHF.

The Company considers its capital to be its equity which consists of share capital, subscription receipts, contributed surplus and warrants, net of the deficit. The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its manufacturing operations, research and development activities, sales and administration expenses, working capital and overall capital expenditures. The Company makes every effort to manage its liquidity to minimize dilution to its shareholders when possible. The Company has funded its activities through public offerings and private placements of common shares and warrants, convertible debentures, promissory notes, royalty offerings, and grant contributions. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management did not change during the period ended January 31, 2026.

The table below sets out the number of issued and outstanding common shares as well as the number of common shares associated with issued and outstanding convertible securities as at April 1, 2026.

	Number of Securities
Common Shares	100,371,749
Employee and Consultant Stock Options	11,708,450
Warrants	11,934,615
Total Diluted Shares Outstanding	124,014,814

Share Capital

The Company is authorized to issue an unlimited number of common shares. At January 31, 2026, issued and outstanding common shares totalled approximately 100,371,749 shares.

The following transactions regarding the Company's share capital occurred in the most recent two fiscal years:

[a] In April 2025, the Company issued 11,348,207 common shares for gross proceeds of $1,248,303 as the result of the private placement of equity units priced at $0.11 per unit. Each equity unit consisted of one common share and one common share purchase warrant. 909,090 common shares were issued to a related party as the result of this equity issuance.

[b] In June 2025, the Company issued 323,318 common shares for gross proceeds of $35,565 as the result of the private placement of equity units priced at $0.11 per unit. Each equity unit consisted of one common share and one common share purchase warrant.

[c] In August 2025, the Company issued 6,504,725 common shares for gross proceeds of $845,614 as the result of the exercise of warrants with an exercise price of $0.13 per share.

[d] In September 2025, the Company issued 1,900,000 common shares for gross proceeds of $247,000 as the result of the exercise of stock options with an exercise price of $0.13 per share.

[e] In November 2025, the Company issued 11,934,615 common shares for gross proceeds of $1,551,500 as the result of the private placement of equity units priced at $0.13 per unit. Each equity unit consisted of one common share and one common share purchase warrant. Gross proceeds of $1,499,500 representing 11,534,615 of these shares were received in October 2025, and were reflected in the financial statements for the period ended October 31, 2025, as Subscription Receipts

To date, the Company has not paid dividends on its common shares and has no expectations of paying dividends in the near future.

Stock Options

Under the terms of the stock option plan approved at the Annual General Meeting on December 16, 2024, the aggregate number of common shares reserved for the issuance of stock options is 13,138,817.

The Company’s stock option plan provides that the exercise price of options that may be granted cannot be less than the market price of the Company's common shares at the time the option is granted. Options granted may be exercised during a period not exceeding five years. The vesting period of plan options granted is at the discretion of the Company's Board of Directors at the time of grant. In the two most recent fiscal years, stock options have been granted as follows:

- [a] 2,500,000 stock options with an exercise price of $0.13 granted on March 20, 2025, to a consultant and vested on the date of grant.
- [b] 1,188,450 stock options with an exercise price of $0.13 granted on April 15, 2025, to a consultant and vested on April 29, 2025. The options contained an accelerated expiration clause that took effect on August 22, 2025. The options expired, unexercised on that date.
- [c] 1,188,450 stock options with an exercise price of $0.13 and an expiry date of December 31, 2025, granted on September 30, 2025, to a consultant and vesting on September 30, 2025. These options expired, unexercised on December 31, 2025.
- [d] 3,100,000 employee stock options with an exercise price of $0.115 with one third of the options vesting on the grant date, one third vesting on the first grant date anniversary and the final third vesting on the second grant date anniversary.
- [e] 1,188,450 stock options with an exercise price of $0.13 and an expiry date of December 31, 2026, granted on January 13, 2026, to a consultant and vesting on January 13, 2026.

In May 2024, 860,000 stock options with an exercise price of $0.31 and 200,000 stock options with an exercise price of $0.325 expired, unexercised.

In September 2025, 1,900,000 consultant stock options with an exercise price of $0.13 were exercised for gross proceeds of $247,0000. No stock options were exercised in the year ended April 30, 2025.

No stock options were exercised in the in the year ended April 30, 2025.

Warrants

The following transactions regarding the Company's share purchase warrants occurred in the most recent two fiscal years:

[a] In April 2025, the Company issued 11,348,207 warrants as the result of the private placement of equity units priced at $0.11 per unit. The warrants have an exercise price of $0.13 and an expiry date of April 15, 2027, subject to an accelerated expiry date, to be enacted at the Company's discretion should the trading value of the underlying common shares close at or above $0.16 for ten consecutive trading days. The accelerated expiry date would be 45 days after the Company's announced activation of the acceleration clause. 909,090 of these warrants were issued to a related party.

[b] In June 2025, the Company issued 323,318 warrants as the result of the private placement of equity units priced at $0.11 per unit. The warrants have an exercise price of $0.13 and an expiry date of April 15, 2027, subject to an accelerated expiry date, to be enacted at the Company's discretion should the trading value of the underlying common shares close at or above $0.16 for ten consecutive trading days. The accelerated expiry date would be 45 days after the Company's announced activation of the acceleration clause.

[c] On July 9, 2025, the Company activated the warrant expiry date acceleration clause contained in the 11,671,525 common share purchase warrants issued in conjunction with the April 2025 private placement. As a result, the expiry date of the warrants advanced from April 15, 2027 to August 22, 2025. In July 2025, 3,643,300 of these warrants were exercised for gross proceeds of $473,629.

[d] On July 9, 2025, the Company activated the warrant expiry date acceleration clause contained in the 11,671,525 common share purchase warrants issued in conjunction with the April 2025 private placement. As a result, the expiry date of the warrants advanced from April 15, 2027 to August 22, 2025. In July 2025, 3,643,300 of these warrants were exercised for gross proceeds of $473,629. In August 2025, 5,528,225 of these warrants were exercised for gross proceeds of $718,669. On August 22, 2025, the remaining 2,500,000 options expired without being exercised.

[e] On October 19, 2025, 2,380,300 warrants with an exercise price of $0.40 expired, unexercised.

[f] In November 2025, the Company issued 11,934,615 warrants as the result of the private placement of equity units priced at $0.13 per unit. The warrants have an exercise price of $0.18 and an expiry date of November 17, 2027.

6. Critical Accounting Policies and Estimates

Revenue recognition

Revenue is measured based on the consideration promised in a contract with a customer. The Company recognizes revenue when it transfers control of a good or service to a customer. Based on the terms of the specific transaction, control typically transfers at a point along a continuum that is as early as the products' departure from the Company's warehouse to as late as the passing of inspection following the products' arrival at a designated shipment location. Amounts received in advance of recognized revenues are recorded as deferred revenue.

Royalties Liability

The Company issued promissory notes that included an embedded perpetual royalty that survived the maturity of the promissory notes. The royalties have been designated as a financial liability at fair value through profit or loss. Accordingly, the perpetual royalty is valued at the reporting date based on the most recent revenue projections. The change in estimated fair value of the royalty is recorded in income in the period in which the liability is recalculated.

Use of estimates

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual amounts could differ from those estimates. Significant estimates include those used in:

- the measurement of the cost of finished goods inventory, including the allocation of costs of conversion and manufacturing overhead,
- allowance for doubtful accounts,
- the determination appropriate discount rate for valuation of the expected cash flows associated with the note receivable, assumptions about the valuation of the conversion element and assumptions about the likelihood of conversion,
- the determination of the useful lives of long-lived assets,
- the determination of the appropriate amount, if any, of the writedown in the carrying value of long-term assets, including the estimation of the asset's fair value and the cost of disposal,
- the expected amount of additional financing fees and the determination of the appropriate discount rate used in the valuation of the promissory notes payable,
- the valuation of the royalties liability, including the forecasted revenues and the appropriate discount rate to apply in the determination of present value,
- the determination of whether a contract contains a lease, and if so, the determination of the appropriate discount rate and term of the lease to use in the measurement of the lease liability, and
- the measurement of the fair value of share-based compensation, including the volatility and risk-free rates used in the valuation models and the estimation of number of options expected to vest.

The Company's assessment of the recoverable amount of property, plant and equipment is based on management's assessment of potential indicators of impairment and best estimates of likely courses of action by the Company. This assessment is subject to significant measurement uncertainty. Material write-downs of these assets could occur if actual results differed from the estimates and assumptions used.

Judgements

In the process of applying the Company's accounting policies, management has made judgements in assessing the primary economic environment underlying its determination that the functional currency of the consolidated entity is the Canadian dollar.

Government assistance

Government assistance may be available to the Company through income tax investment, innovation tax credits and other programs providing innovation funding. Funding is recognized when there is reasonable assurance that the Company has complied with the conditions attached to the funding arrangement and is recognized as a recovery to the applicable costs as they are incurred. Research and product development funding is presented as a reduction in research and material testing cost expenses unless it is for reimbursement of an asset, in which case it is accounted for as a reduction in the carrying amount of the applicable asset. Where the Company receives government contributions that include terms for repayment, a financial liability is recognized and measured in accordance with the terms of IFRS 9.

7. Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to asses the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18)
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required, and early adoption is permitted.

Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

8. Related Party Transactions

Related party transactions include the following items:

- The promissory notes payable includes an amount of $502,804 payable to a related party as at January 31, 2026 (April 30, 2025 - $281,373). Promissory note interest and financing fees for the nine months ended January 31, 2026, include $68,899 payable to a related party (January 31, 2025 - $17,524).

- Interest and financing expense for the nine months ended January 31, 2026 includes cash-based royalties in the amount of $20,654 (January 31, 2025 - 63,217) paid or payable to a related party.

- As at January 31, 2026, trade and other payables includes $42,971 owed to a related party (April 30, 2025 - $178,993).

9. Risks and Uncertainties

Financial and Liquidity Risk

The Company has not yet attained sufficient sales levels to completely support its operations. As at January 31, 2026, the anticipated level of cash flow from operations for the next twelve months is not assured to be sufficient to sustain the business. In addition to being able to successfully execute its business plan, which includes increased sales, it may be necessary for the Company to raise additional financing through either borrowings or equity financing. Financing transactions that occurred after Cymat's year end are described in Subsequent Date Events below.

Interruption of Raw Material Supply

Interruption of key raw materials and manufacturing supplies could significantly impact operations and our financial position. Interruption of supply could arise from conflict-related or health-crisis-related market shortages, or from changed business conditions at significant suppliers. Cymat attempts to purchase key raw materials and supplies well in advance of their anticipated use and, where possible, seeks multiple sources for such supplies.

International Trade Barriers and Tariffs

As of the current date, Cymat's export of SAF have not been materially affected by the ongoing changes to import tariffs enacted by the United States and the subsequent retaliatory measures adopted by various world economies. However, these actions have increased the amount of volatility experienced by international trade. Tariffs have the potential to increase the landed cost of Cymat's SAF for international customers, which could have a negative effect on Company sales. Furthermore, the price uncertainty caused by fluctuating tariffs may cause potential SAF customers to de-select Cymat's SAF in favour of products that carry lower risk of potential tariff levies.

In the case of raw material supply, retaliatory tariffs have led Cymat to pivot to a non-tariffed source for one of its primary inputs. To this point, Cymat has not experienced material tariff-related price increases on its main supplies.

Outbreak of Disease

A global outbreak of disease or similar public health threat could have a material adverse effect on the operations of Cymat. A pandemic has the potential to be highly disruptive to the global economy and has the potential to negatively impact Company sales, supply chains, labour force, manufacturing capabilities and ability to raise additional financing.

International Trade Barriers and Tariffs

Currently neither Cymat's primary raw material supplies nor Cymat's export of SAF have been affected by the recent import tariffs enacted by the United States and the subsequent retaliatory measures adopted by various world economies. However, these actions have increased the amount of volatility experienced by international trade. Further escalation of trade tensions has the potential to increase the landed cost of Cymat's SAF for international customers, which could have a negative effect on Company sales.

Dependence on Key Personnel

Cymat is dependent on key employees and believes that its future success will depend on its ability to attract and retain highly skilled engineering and production, managerial and marketing personnel. Competition for such personnel is intense and there is no assurance that the Company will be able to retain, attract or hire qualified personnel in the future. The loss of certain key employees, or the inability to hire and retain additional key employees could adversely impact the Company.

Proprietary Technology Protection

Cymat's technology leadership is subject to the risks of patent infringement by competitors, and of competitors making technological breakthroughs, which may make the Company's products less attractive. An intellectual property management program is in place to protect Cymat's intellectual property and trade secrets. Cymat funds ongoing improvements to its proprietary manufacturing processes, which create new patent opportunities that enhance and may extend the period of the technological exclusivity. There is the risk that the Company's patents and trade secrets may not be held valid and enforceable or be held to have a scope sufficiently broad to cover competitors' products or processes. There is also the risk that Cymat's products or process may infringe on other patents, which may limit the Company's ability to fully commercialize certain SAF applications. The cost of enforcing Cymat's patent rights in lawsuits or defending against infringement claims may be significant and could interfere with the Company's operations. For a more complete discussion please refer to the "License and Technology Rights" section above.

Government Regulation and Certification Requirements Imposed by Customers

The use of SAF in certain applications may be subject to regulation by certain government bodies and to compliance with applicable laws, both inside and outside of Canada. In addition, industry users may impose significant certification, safety, quality control and other requirements. Compliance with these laws and regulations may be costly and time consuming, and failure to comply may have a material, adverse effect on the Company's business.

Other Risks

The Company may be subject to a number of other risks that could materially and adversely affect Cymat's business, financial condition, liquidity or results of operations. Such risks include those associated with competing products, commodity price risks associated with aluminum-based raw materials, fluctuating currency exchange rates and the ability of the Company to manage growth.

10. Management's Assessment of Disclosure Controls and Procedures

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Overall, the Company believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers.

There were no changes in the internal controls over financial reporting during the reporting period ended January 31, 2026, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

11. Outlook

Third quarter Alusion™ sales rebounded somewhat from the prior two quarters' modest levels. However, sluggish global construction activity in the residential and commercial building sectors continue to weigh on executed Alusion™ orders. Additions to the Alusion™ pipeline via new inquiries and quotations do remain at a healthy volume. Management expects that Alusion™ will continue to be a significant source of revenue for the current calendar year, with the timing of individual projects still subject to broader market conditions. Fortunately, Cymat's sales prospects have not been negatively affected by recent global geo-political events.

This week Cymat is shipping the first installment of SmartMetal™ panels under the latest order from NUVIA – our French nuclear technology customer. These SmartMetal™ panels are designed and tested to provide protection for critical nuclear energy infrastructure and to support France's undertaking to extend the life of their nuclear power generation fleet. The order has a contract value of €600,000. Cymat and Nuvia continue to evaluate additional SmartMetal™ applications in response to inquiries from Nuvia's energy sector customer base. The current conflict in the Middle East is a stark reminder of the importance of hardening critical infrastructure against external threats. Based on the demonstrated performance of SmartMetal™ within Nuvia's NuFoam™ platform, Cymat is engaging in discussions with entities outside of France regarding the use of SmartMetal™ in protective systems for new energy and technology construction projects, including stakeholders in North American infrastructure developments.

The Canada Border Services Agency finally issued the Export Permit for the 48 SmartMetal™ underbelly protection kits ordered by our Asian military vehicle manufacturer customer. These kits were shipped in February, and the associated $510,000 of revenue will be reflected in the fourth quarter's results. Cymat, has commenced production of the latest order from this Asian OEM. The purchase order consists of 176 blast-protection kits and has a contract value of $1.8 million. Delivery is expected to continue through the balance of the 2026 calendar year. This is the third purchase order received under our customer's full-rate production schedule. These underbelly kits are fitted to personnel transportation vehicles being purchased by our customer's National Armed Forces. This initial supply contract is expected to result in the provision of SmartMetal™ blast protection systems for 350 vehicles. Delivery under this initial supply agreement is now expected to be completed within two years. The full value of this contract to Cymat is estimated to be in the $4M - $5M range. Older versions of this transport vehicle are in use by the armed forces for multiple nations. Marketing efforts are underway to showcase this next-generation vehicle's enhancements with a focus on presentations to these incumbent ministries of defense.

Cymat continues to prioritize business development efforts targeting the automotive industry and this sector remains the primary focus of our research and development activities. Currently, our top automotive initiatives are platform agnostic – applying equally to traditional ICE and electrified platforms. Ongoing shifts in the international tariff environment continue to disrupt global supply chains and significantly inflate manufacturing costs. Against this backdrop, Cymat is engaged in multiple development initiatives aimed at delivering meaningful cost savings through SmartMetal™-based automotive components that enhance the performance of in-vehicle systems and remove costs from the manufacturing process.

The Automotive Parts Manufacturers' Association ("APMA") has launched Project Arrow 2.0 ("PA2.0") as a further demonstration of the viability of an all-Canadian, zero emission passenger vehicle. In conjunction with our design partner, Tesseract Structural Innovations, we have produced and supplied prototype headrests and seating hardware for PA2.0. Cymat's participation in PA2.0 is expected to increase the exposure of the benefits and capabilities of SmartMetal™ to a broader range of manufacturers in the automotive industry.

Cymat continues to make progress towards developing its in-house capacity to produce the primary ingredient for our Stabilized Aluminum Foam – an aluminum metal matrix composite known as MMC. The goals of establishing MMC production capability are to:

1. Manufacture MMC for Cymat's own SAF production needs, significantly lowering the cost of Cymat's primary input material thereby allowing Cymat to offer compelling price propositions for targeted customers such as those in the automotive sector. It also has the potential to create entry into business opportunities in high-volume sectors where SAF has historically not been price competitive.
2. Provide a new substantial, independent, and predictable revenue stream that is profitable and uncorrelated with current SAF sales.
3. Facilitate experimentation with differing MMC formulations, potentially leading to SAF with enhanced attributes and new SAF applications.

The MMC production line footprint has been finalized and it remains contained within our existing Mississauga plant. Key equipment suppliers have been engaged and the collection of quotations and understanding of order lead times has been initiated. Capital costs for equipment are estimated to be in the range of $2M - $2.5M. Management has identified a number of government funding opportunities that have the potential to defray implementation costs. Assistance with manufacturing technical know-how is being provided by an originator of the MMC production technology that is employed by Rio Tinto Alcan.

Cymat has also commenced discussions with Rio Tinto Alcan's MMC customer base to develop an understanding of their continuing need for aluminum MMC. Cymat has also initiated our investigation into potential new customers and usage cases for MMC.