



EcoSynthetix Inc.

Q4 & YE 2016 Earnings Call

Jeff MacDonald | CEO

Robert Haire | CFO

March 8, 2017

FORWARD LOOKING STATEMENTS

Certain statements contained in this document and any amendment or supplement hereto constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. These statements relate to, but are not limited to, future events or future performance, our expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs, future demand for latex-based products, business prospects and opportunities. Forward-looking statements are often, but not always, identified by use of words such as "may", "will", "should", "could", "seek", "anticipate", "contemplate", "continue", "expect", "intend", "plan", "potential", "budget", "target", "believe", "estimate" and similar expressions. Such statements reflect the Company's current views and beliefs with respect to future events, are subject to risks and uncertainties, and are based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

Specific forward-looking information contained in this document includes, among others, statements regarding: (i) the price of oil and SB Latex; (ii) the demand for the Company's products including the Company's ability to guarantee successful mill trials; (iii) the Company's competitive advantages and ability to compete successfully; (iv) the nature and characteristics of the Company's intellectual property; (v) the Company's ability to expand production capacity; and (vi) general economic conditions.

With respect to forward-looking information contained in this document, the Company has made material assumptions regarding, among other things: (i) that the general business, economic and competitive conditions remain favourable; (ii) that our intellectual property rights are adequately protected; (iii) our ability to obtain the materials necessary for the production of our products; (iv) our ability to market products successfully to our customers; (v) that we will continue to face no direct competition; (vi) changes in demand for and prices of our products or the materials required to produce those products; (vii) labour and material costs remaining consistent with our current expectations; and (viii) that we do not and will not infringe third party intellectual property rights. Some of our assumptions are based upon internal estimates and analyses of current market conditions and trends, management plans and strategies, economic conditions and other factors and are necessarily subject to risks and uncertainties inherent in projecting future conditions and results.

Some of the risks that could affect the Company's future results and could cause those results to differ materially from those expressed in the forward-looking information include: (i) an inability to protect, defend, enforce or use our intellectual property and/or infringement of third-party intellectual property; (ii) our dependence on certain customers and changes in customer demand; (iii) the availability and price of natural feedstocks used by us in the production of our products; (iv) the inability to effectively expand our production facilities; (v) variations in our financial results; (vi) increase in industry competition; (vii) the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; (viii) our ability to effectively commercially market and sell our products; (ix) our ability to protect our know-how and trade secrets; (x) company growth and the impact of significant operating and capital cost increases; (xi) changes in the current political and regulatory environment in which we operate; (xii) the inability to retain key personnel; (xiii) changes to regulatory requirements, both regionally and internationally, governing development, production, exports, taxes, labour standards, waste disposal, and use, environmental protection, project safety and other matters; (xiv) enforcement of intellectual property rights; (xv) a significant decrease in the market price of petroleum; (xvi) a shortage of supplies, equipment and parts; (xvii) the inability to secure additional government grants; (xviii) a deterioration in our cash balances or liquidity; (xix) the inability to obtain equity or debt financing; (xx) the ability to acquire intellectual property; (xxi) the risk of litigation; (xxii) changes in government regulations and policies relating to our business; (xxiii) losses from hedging activities and changes in hedging strategy; (xxiv) insufficient insurance coverage; (xxv) the inability to expand technology; (xxvi) the impact of issuance of additional equity securities on the trading price of the Common Shares; (xxvii) the impact of ethical, legal and social concerns relating to genetically modified organisms and the food versus fuel debate; (xxviii) the risk of business interruptions; (xxix) lack of a public market; (xxx) fluctuations in the market price of the Common Shares; (xxxi) our intent to retain earnings; (xxxii) the costs of being a reporting issuer; (xxxiii) the company is a holding company; (xxxiv) tax risks; (xxxv) the impact of changes in interest rates; (xxxvi) the impact of changes in foreign currency exchange; and (xxxvii) credit risk. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. Risk factors should be considered carefully and prospective investors should not place undue reliance on forward-looking information.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those anticipated in such forward-looking statements.

Although the forward-looking statements contained herein are based upon what the Company believes to be reasonable assumptions, the Company cannot assure that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

2016: FOUNDATIONAL YEAR TO ADDRESS A BLOCKBUSTER MARKET

1st

customer win
for DuraBind

26%

reduction in adj.
EBITDA loss YoY

\$15 B

global annual
wood composite
resin market

HEIGHTENED AWARENESS WITHIN THE SUPPLY CHAIN

Walmart 

July 2016 – Wal-Mart asks suppliers to stop using eight chemicals, including **formaldehyde**, as they hold “certain properties that can affect human health or the environment.”



“To avoid health problems, there are strict requirements of **formaldehyde emissions** from furniture. We want the **formaldehyde emission levels** in IKEA wood products to be equal to the levels of natural wood.”



AMERICAN HOME FURNISHINGS ALLIANCE WORKSHOP ON U.S. EPA and CARB REGULATIONS

North Carolina, January 2017



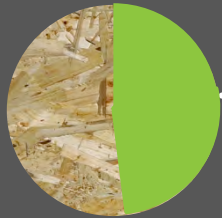
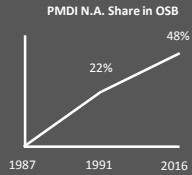
SIMPLEST MESSAGE: NO-ADDED FORMALDEHYDE

MASSIVE MARKET POTENTIAL FOR A NO ADDED FORMALDEHYDE LEADER

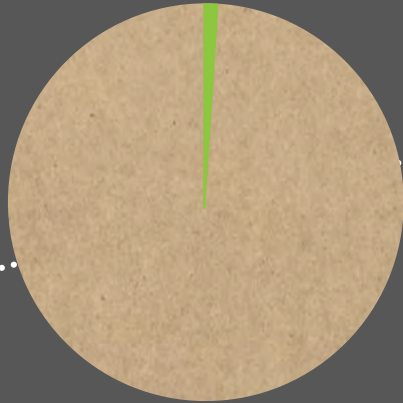


\$15B

Global Wood Resin Market



Oriented Strand Board



Medium Density Fiberboard



Particle Board



No Added Formaldehyde Market Share by Application

Source: Transparency Market Research Report

FIRST COMMERCIAL LINE SECURED



OPPORTUNITY TO
ADD MORE LINES
AND MORE MILLS

The image is a screenshot of a press release article on the EcoSynthetix website. The article is titled "EcoSynthetix Secures First Commercial Customer for DuraBind™". The text of the article is as follows:

Burlington, Ontario, September 28, 2016 – EcoSynthetix Inc. (TSX: ECI) ("EcoSynthetix" or the "Company"), a renewable chemicals company that produces a portfolio of commercially proven bio-based products, today announced its first commercial customer for its DuraBind™ technology, which targets the wood composite market. The SWISS KRONO GROUP is a top five global producer of wood composites with multiple production facilities. It has completed industrial-scale trials and is now using DuraBind on one production line on an ongoing basis for its NAF ("No Added Formaldehyde") engineered wood products. EcoSynthetix' DuraBind technology is a sustainable, NAF resin solution for the multi-billion dollar global wood board market.

"This important step, with such a strong industry player, validates DuraBind's capability to meet industry performance standards and deliver value to large-scale operators," said Jeff MacDonald, CEO of EcoSynthetix. "DuraBind is generating significant interest from a broad range of wood composite manufacturers, as well as retailers, who are actively searching for environmentally-friendly alternatives that reduce the use of formaldehyde. As manufacturers strive to conform to regulations that require lower formaldehyde emissions, DuraBind is ideally positioned, offering improved sustainability with comparable performance and economics."

"Our strategy is focused on bringing innovative, sustainable products to market. From both a value and performance perspective, EcoSynthetix has achieved the high standard that we establish for all of our products. DuraBind allows us to offer the highest standard of renewable bio-content in our NAF product line," said Hendrik Klatt, Managing Director of SWISS KRONO GERMANY.

With this initial accomplishment, the two companies have developed plans to introduce DuraBind technology in other products, as well as at additional sites.

About EcoSynthetix Inc. | www.ecosynthetix.com

EcoSynthetix offers a range of engineered biopolymers that replace non-renewable chemicals used to manufacture many products, such as paper and packaging, and wood composite. The Company's flagship products, EcoSphere™, IsoTex™ and DuraBind™ biopolymers, provide customers with a sustainable alternative that reduces the use of

POSITIVE FEEDBACK AND PROGRESS ACROSS THE ORGANIZATION

DURABIND: PERFORMANCE FOR MASS ADOPTION

EXISTING PIPELINE SUFFICIENT TO ACHIEVE BREAK EVEN RUN RATE

1,100

wood composite lines

\$0.5M - \$3M

annual revenue opportunity per line

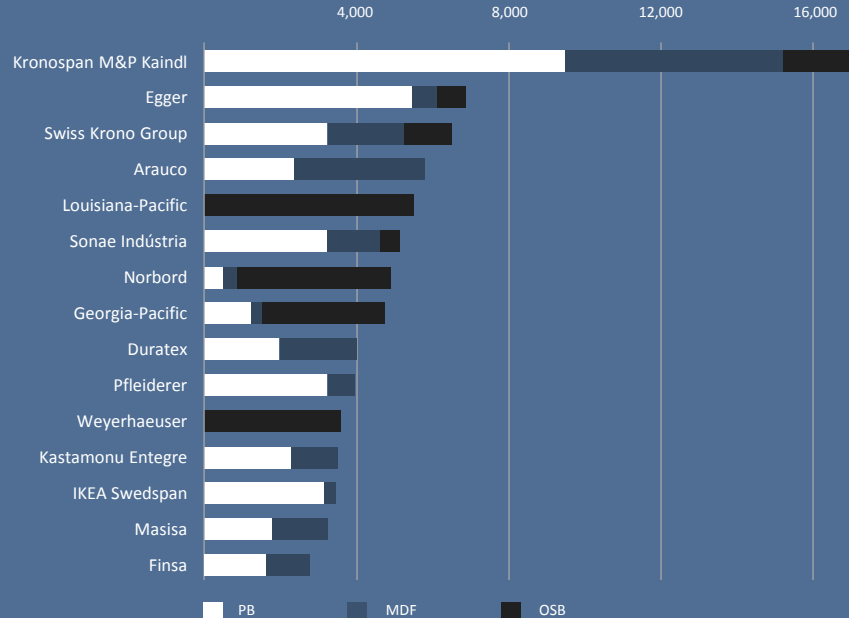
Target: 7-10

commercial lines for break even run rate



TRIAL ACTIVITY IN WOOD COMPOSITES AT ALL-TIME LEVELS

TOP 15 GLOBAL WOOD-BASED PANEL MANUFACTURERS



BASED ON PRODUCTION CAPACITY ('000M³)

Source: Sonae Indústria investor presentation – February 2016

10+

industrial scale
trial prospects

5+

Top 15 global
manufacturers

**MORE
accounts...**

**MORE
Top 15 accounts.**

**MULTIPLE
lines at...**

**MULTIPLE
accounts.**

DIVERSITY OF PROSPECT PIPELINE: CAPTURING THE FULL POTENTIAL OF DURABIND

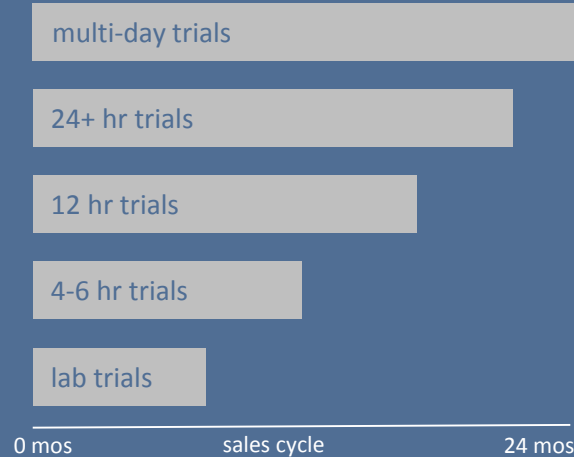
Scale



5+

top 15 global
wood composites
manufacturers in trials

Stage



Geography

North America

Europe

Asia



**EACH KEY INDUSTRIAL TRIAL PROVIDES
LEARNINGS TO TAKE INTO THE NEXT TRIAL**

FINANCIALS

<i>USD millions (except gross margin)</i>	Q4 2016	Q4 2015	FY 2016	FY 2015
Net Sales	\$4.7	\$3.0	\$13.3	\$14.6
Gross Profit	\$0.9	\$0.3	\$2.2	\$2.1
Gross Margin	18.2%	10.9%	16.6%	14.3%
Gross Margin adjusted for manufacturing depreciation	22.6%	18.7%	22.3%	20.3%
Adjusted EBITDA (loss)	(\$1.7)	(\$2.9)	(\$7.6)	(\$10.4)

US\$53.6 MILLION IN CASH AND TERM DEPOSITS

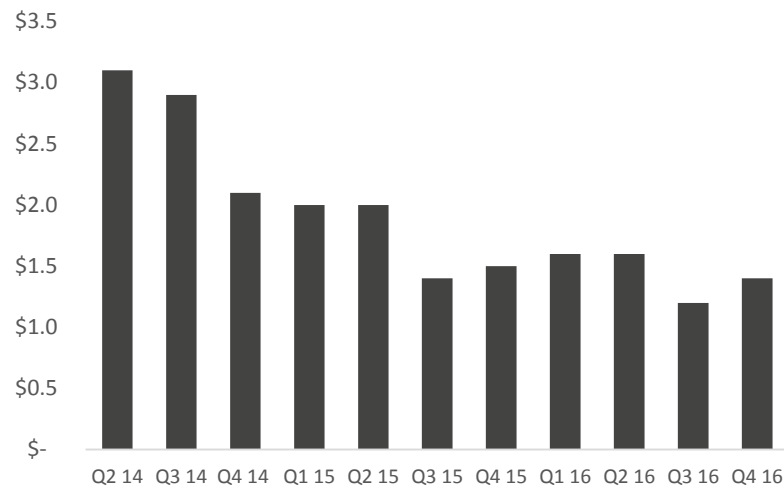
1) Adjusted EBITDA is defined as consolidated net income (loss) before interest, income taxes, depreciation, amortization, impairment loss on PP&E, and other non-cash charges deducted in determining consolidated net income (loss).

SB LATEX PRICING DYNAMICS IMPROVING

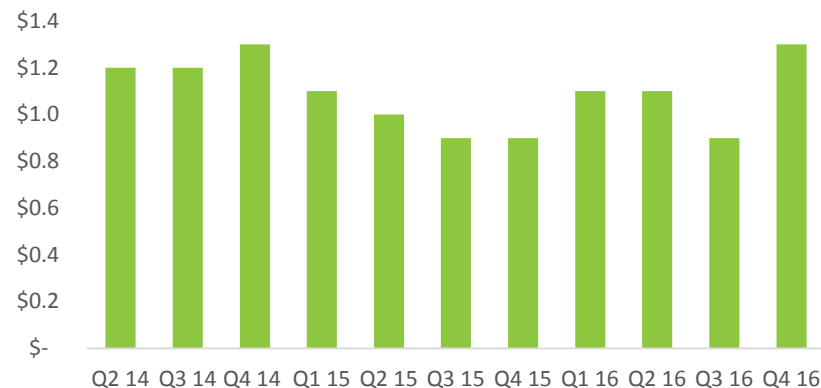


OPERATING COST

Selling, General & Administrative
(USD, millions)



Research & Development
(USD, millions)



SG&A expenses and R&D expenses excludes share-based compensation, depreciation and amortization, provision for termination benefits, impairment loss on PP&E and foreign exchange gains and losses

**STRICT FINANCIAL DISCIPLINE WITH TARGETED
INVESTMENT IN HIGH GROWTH AREAS**

POSITIONED TO BECOME LEADING NO ADDED FORMALDEHYDE SOLUTIONS COMPANY

Passion
for green
chemistry

\$15B

Global wood
resin market

First line



10+

prospects in
industrial trials

US\$54M

cash & term deposits
with no debt

~50

experienced team
members



EcoSynthetix Inc.

Question & Answer