



ECOSYNTHETIX INC

Jeff MacDonald | CEO

Rob Haire | CFO

Investor Presentation Fall 2020

FORWARD LOOKING STATEMENTS

Certain statements contained in this annual information form 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, and requirements for additional capital, production costs, future demand for latex-based products, business prospects and opportunities and our ability to successfully commercialize our products. 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 our 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 us, 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.

We have made material assumptions regarding, among other things: that our intellectual property rights are adequately protected; our ability to obtain the materials necessary for the production of our products; our ability to convert prospects from the industrial trial phase into full commercial customers; our ability to market products successfully to our customers; that we will continue to possess unique intellectual property rights; changes in demand for and prices of our products or the materials required to produce those products; labour and material costs remaining consistent with our current expectations; the price and availability of substitute or competitive products; and that we do not and will not infringe third party intellectual property rights. Some of our assumptions are based upon internal estimates and analysis 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 our future results and could cause those results to differ materially from those expressed in the forward-looking statements include, among other things: an inability to protect, defend, enforce or use our intellectual property and/or infringement of third-party intellectual property; dependence on certain customers and changes in customer demand; the availability and price of natural feedstocks used in the production of our products; the inability to effectively expand our production facilities; variations in our financial results; increase in industry competition; decrease in the price of substitute products; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; our ability to effectively commercially market and sell our products; our ability to protect our know-how and trade secrets; Company growth and the impact of significant operating and capital cost increases; changes in the current political and regulatory environment in which we operate; the inability to retain key personnel; 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; enforcement of intellectual property rights; a significant decrease in the market price of petroleum; a shortage of supplies, equipment and parts; the inability to secure additional government grants; a deterioration in our cash balances or liquidity; the inability to obtain equity or debt financing; the ability to acquire intellectual property; the risk of litigation; changes in government regulations and policies relating to our business; losses from hedging activities and changes in

hedging strategy; insufficient insurance coverage; the impact of issuance of additional equity securities on the trading price of the Common Shares (as defined herein); the impact of ethical, legal and social concerns relating to genetically modified organisms and the food versus fuel debate; the risk of business interruptions; the impact of changes in interest rates; the impact of changes in foreign currency exchange; and credit risk, as well as the factors identified in the "Risk Factors" section of this annual information form. Such factors are not intended to represent a complete list of the factors that could affect us. In addition to the risk factors identified in the Company's Annual Information Form, as of the date of this Press Release, the Company has identified additional risks associated with the COVID-19 global pandemic which are described below. These factors should be considered carefully, and readers should not place undue reliance on forward-looking information.

Beginning in December 2019, a new strain of the coronavirus (COVID-19) has spread rapidly through the world. During the three and nine months ended September 30, 2020, COVID-19 has caused both the global demand for paper products to decrease and a decrease in the pricing of petroleum-related products with which the Company's products compete with. This has resulted in reduced sales volume, lower pricing and reduced gross profit for the Company. COVID-19 has also reduced the Company's ability to effectively market and trial its products with customers where on-site collaboration is preferred. During the three and nine months ended September 30, 2020, the Company also applied for and received government assistance under the Canadian Emergency Wage Subsidy (CEWS) program. No other COVID-19 related risks identified below have materialized during the period and there has been no other impact on operating results. For the remainder of 2020, COVID-19 will likely continue to have negative material impacts on the global economy which present significant additional risk factors. For the Company, this outbreak might materially impact the Company's ability to manufacture, source (including the delivery of raw materials to its facilities) or distribute its products both domestically and internationally; reduce our ability to effectively market and sell our products; reduce demand for our products; cause a significant decrease in the market price for petroleum related feedstocks which our products are an alternative, and cause increased credit risk. Any of these additional risks factors could have a significant negative impact on the Company's financial results in 2020 and beyond. Given the dynamic nature of this outbreak, the extent to which the COVID-19 virus impacts the Company's results will depend on future developments, which remain highly uncertain and cannot be accurately predicted at this time.

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 we believe to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate and we cannot assure that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. The information contained in this document, including the information provided under the heading "Risk Factors", identifies additional factors that could affect the Company's operating results and performance.

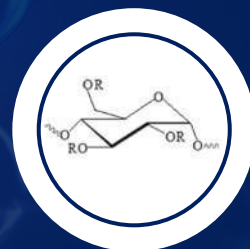
Forward-looking information contained herein is made as of the date of this annual information form and we disclaim any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking information.

A photograph of a family of four (a man, a woman, and two children) sitting around a wooden table, focused on playing a board game. The game board is light blue with various colored pieces and a die. The family members are dressed in blue and white clothing. The scene is brightly lit, suggesting an indoor setting with large windows.

**HEALTH &
SAFETY** OF OUR
HOMES AND
WORKPLACES

BIOPOLYMER PLATFORM

ESSENTIAL BUILDING BLOCK FOR PROGRESS



- COST STABLE
- COMMERCIALY VIABLE
- NATURALLY DERIVED
- SAFE
- VERSATILE
- FULLY SCALED
- LOW CARBON FOOTPRINT

PURPOSE DRIVEN
INNOVATION

THE PACE OF CHANGE ACCELERATING



[More about IKEA](#) | [Shop at IKEA](#)

[Media Cart](#)

[News](#) | [Gallery](#) | [Publications](#) | [Events](#) | [About Us](#) | [Contact](#)

Search



27-FEB-2020

Breaking the trend: IKEA reports a decrease in climate footprint

The financial year 2019* marks an important break in the trend as the climate footprint of the IKEA value chain decreased while maintaining business growth, decreasing to meet the baseline level of FY16. The IKEA Sustainability Report FY19 is released today and outlines progress from across the IKEA value chain and franchise system against the People & Planet Positive strategy.



Amazon Co-founds The Climate Pledge, Setting Goal to Meet the Paris Agreement 10 Years Early

September 19, 2019 at 11:15 AM EDT

WASHINGTON, D.C.--(BUSINESS WIRE)--Sep. 19, 2019-- Today, Amazon (NASDAQ: AMZN) and [Global Optimism](#) announced The Climate Pledge, a commitment to meet the Paris Agreement 10 years early. Amazon today becomes the first signatory of this pledge. The Climate Pledge calls on signatories to be net zero carbon across their businesses by 2040—a decade ahead of the Paris Accord's goal of 2050.

The New York Times

DEALBOOK

World's Biggest Investor Tells C.E.O.s Purpose Is the 'Animating Force' for Profits

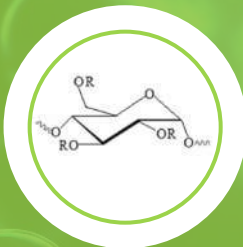
A year after his annual letter to chief executives urged them to run their companies with the social good in mind, the BlackRock chief Larry Fink said they must step into a leadership vacuum.

Sources: January 17 2020, New York Times, Andrew Ross Sorkin; IKEA corporate website; Amazon corporate website

OUR PLATFORM's potential:

Essential Building Block for Progress

ONE INNOVATION:



DOZENS OF SECTORS:



FURNITURE



PACKAGING



MINING



CONSTRUCTION



PAPER



AGRICULTURE



TRANSPORTATION



FOOD



HEALTHCARE



WASTE MANAGEMENT



PERSONAL CARE



BUILDING MATERIALS

100's OF PRODUCTS:



A MULTIPLE SHOTS ON GOAL COMMERCIAL STRATEGY

1) PAPER

2) WOOD COMPOSITES

3) PERSONAL CARE



PERSONAL CARE
hair care

PAPER & PACKAGING
label adhesives

PAPER & PACKAGING
reading and advertising paper

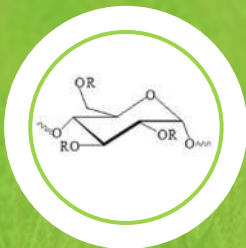
WOOD MATERIALS
for furniture, floors
& construction

PAPER & PACKAGING
solutions

TOTAL ADDRESSABLE MARKETS today's potential:



ONE PLATFORM –
THREE PRODUCTS



Urea formaldehyde

\$15B

wood resin market



SB Latex

\$4B

styrene-butadiene
latex market



Polyvinylpyrrolidone

\$350M

hair fixative binder market

PRODUCTS resonating:

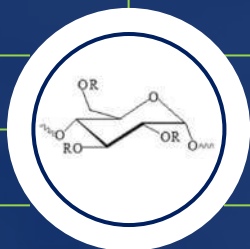
Essential Building Block for Progress



COMMERCIALY
VIABLE

VERSATILE

COST STABLE

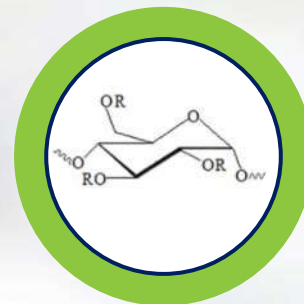


FULLY SCALED

SAFE

LOW CARBON
FOOTPRINT

NATURALLY
DERIVED



LEADING
GLOBAL
RETAILER

LEADING
NORTH
AMERICAN
PAPER
PRODUCER

LEADING
GLOBAL
CHEMICAL
CO

ROADMAP



Accelerating the utility of our platform biopolymer, by partnering with industry leaders with the market reach/access to make the biggest impact.

UREA FORMALDEHYDE:
A HAZARDOUS INGREDIENT IN
WOOD COMPOSITE BINDERS



**THE SEARCH FOR A VIABLE
ALTERNATIVE WITHOUT
FORMALDEHYDE
(PERFORMANCE + PRICE)**



FORMALDEHYDE RECOGNIZED AS A HUMAN CARCINOGEN

An industry poised for change

Expert Agencies Have Spoken



Formaldehyde listed as
“known to be a human carcinogen”

International Agency for Research on Cancer



Classified formaldehyde as a
“probable human carcinogen”



“Exposure to formaldehyde may
cause leukemia, particularly
myeloid leukemia, in humans”

Governments Restricting Usage & Introducing Tougher Regulation



Industry is Creating Standards



BE.YOND

Using only nature ingredients

Japanese standard

Historical considered highest achievable

New emission legislation

in Germany from 01.01.2020

Californian / USA

emission standard

European industry standard

since 1920's

0,01 ppm*



0.005 ppm
Independent third party
testing of wood composite
manufactured with DuraBind

0,03 ppm*

F****

0,05 ppm*

E0.5 (E1 D²⁰²⁰)

0,065 ppm*

CARB II / EPA TSCA Title VI

0,1 ppm*

E1

*Limits related to EN 717-1

**DURABIND:
NO ADDED FORMALDEHYDE...
NO PROBLEM!**



**OBJECTIVE: TRANSFORM THE
WOOD COMPOSITES RESIN
MARKET WITH OUR PROPRIETARY,
SUSTAINABLE NAF SOLUTIONS**



Change will only be possible if we collaborate with others and nurture entrepreneurship. We are committed to taking the lead working together with everyone – from raw material suppliers all the way to our customers and partners.

Torbjörn Lööf, CEO, Inter IKEA

June 7, 2018

IKEA has the intention to convert presently used adhesives systems from fossil based to bio-based systems

IKEA will continuously reduce the emission levels for formaldehyde solutions to improve that our products are safe to use by our customers

Source: Composite Panel Association, @the edge, Recap of 2017 International Conference on Wood Adhesives

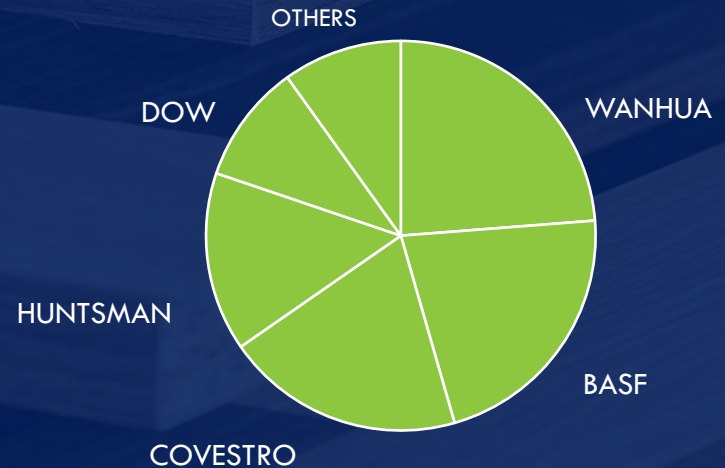
DURABIND: A CO-BINDER REPLACING FORMALDEHYDE BINDERS

MDI: A HIGHLY CONCENTRATED MARKET

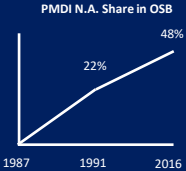
\$22B Global MDI Market (~\$1B wood composites resins)
MDI MARKET SHARE (%)

+ DURABIND MDI **=** NAF SOLUTION

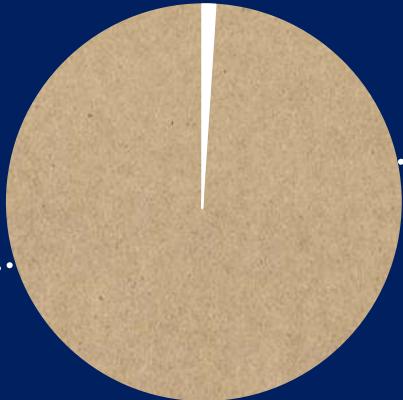
MDI MANUFACTURERS
SEARCHING FOR NEW
ADDRESSABLE MARKETS



MASSIVE MARKET POTENTIAL FOR A NO ADDED FORMALDEHYDE LEADER



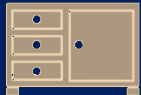
Oriented
Strand Board



Medium Density
Fiberboard



Particle Board



\$15B

Global Wood Resin Market

● No Added Formaldehyde
Market Share by Application

Source: Transparency Market Research Report

PROGRESS ON PERSONAL CARE

A collection of various skincare products from The Ordinary brand, including bottles and tubes, displayed against a green background.

**ALL-NATURAL
INGREDIENTS
VIEWED AS A MARKET
DIFFERENTIATOR**

Marketing and development partner secured

Consumer demand for green ingredients driving change

Partner seeding market with hair fixative formulations

Award-winning technology

Formulation work on new products proceeding

PAPER MARKET UPDATE

**CONTINUES TO PROVIDE
A FOUNDATION TO
EXECUTE COMMERCIAL
ACTIVITIES IN OUR OTHER
TWO GROWTH MARKETS**

Majority of our sales remain paper

North American graphic paper down
~25% in Q3

All accounts remain active, despite
lower volumes

Resiliency of paper market to
recovery uncertain

Packaging and Specialty applications
represent niche growth opportunities

Continued development of
EcoSphere[®] packaging applications

Q3 2020 FINANCIAL RESULTS

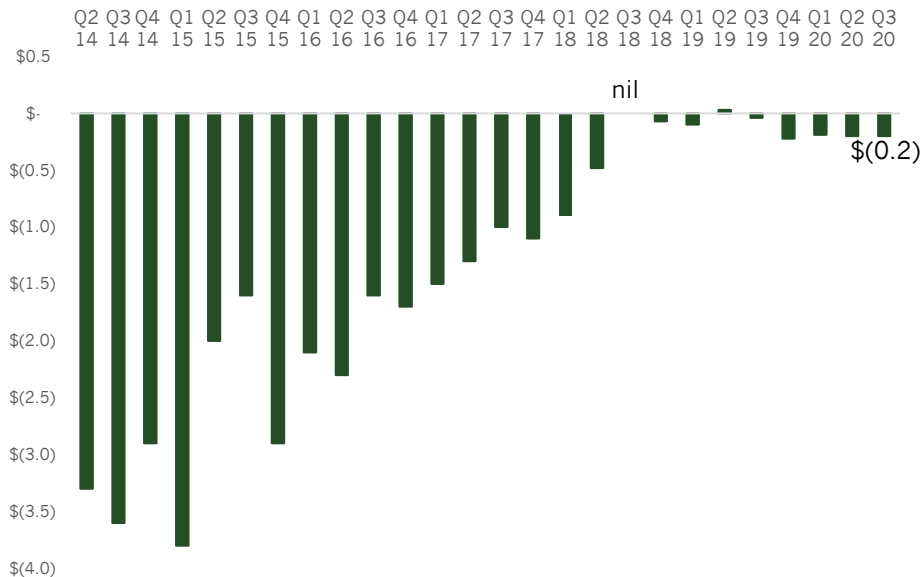
<i>USD millions</i> <i>(except gross margin)</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net Sales	\$3.0	\$4.5	\$10.3	\$14.0
Gross Profit	\$0.4	\$1.0	\$2.1	\$3.0
Gross Margin	14.8%	22.3%	20.0%	21.5%
Gross Margin adjusted for manufacturing depreciation	21.7%	26.2%	25.6%	25.5%
Adjusted EBITDA ¹ (loss)	\$(0.2)	\$(0.04)	\$(0.7)	\$(0.2)
Cash Flow from Operations	\$0.1	\$0.4	\$0.7	\$0.6

US\$42.2 MILLION IN CASH AND SHORT-TERM INVESTMENTS (9/30/20)

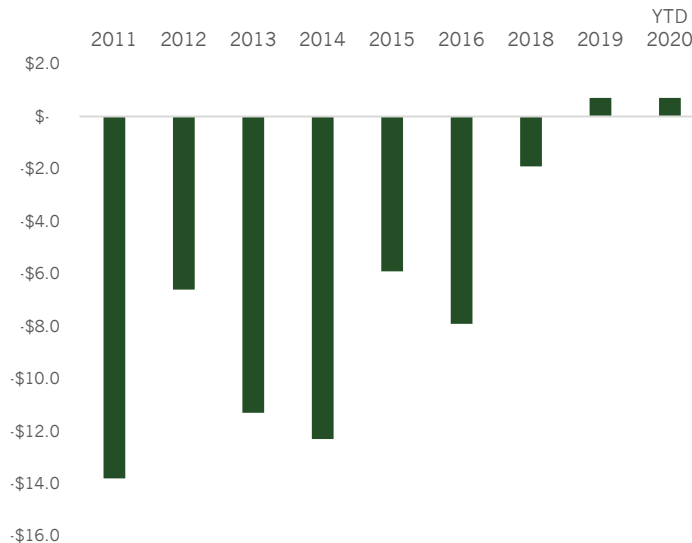
1) Adjusted EBITDA is defined as consolidated net income (loss) before interest, income taxes, depreciation, amortization and other non-cash charges deducted in determining consolidated net income (loss).

STABLE BOTTOMLINE DESPITE PAPER HEADWINDS

Quarterly Adj EBITDA loss
(USD millions)



Annual Cash Flows from (used in) Operations
(USD millions)



MAINTAINED POSITIVE CASH FLOW FROM OPERATIONS IN Q3 2020

RETAILERS
PULLING SUPPLY CHAIN
TOWARD GREEN INGREDIENTS



GREAT PARTNERS ENGAGED



MULTIPLE
SHOTS ON GOAL
TO SUPPORT COMMERCIAL
SUCCESS



**#1 PRIORITY:
STRATEGIC WINS IN
WOOD COMPOSITES &
PERSONAL CARE**



QUESTIONS & ANSWERS

CORPORATE OVERVIEW

TSX Symbol

ECO

Shares Outstanding

56.7M

Market Capitalization (as at Nov 30, 2020)

CDN \$180M

Net Debt

Nil

Cash Balance (as at Sep 30, 2020)

USD \$42.2M / CDN \$56.2M