



ECOSYNTHETIX INC

Jeff MacDonald | CEO

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2023 Q4 & YE Earnings Results

February 28, 2024

FORWARD LOOKING STATEMENTS

Certain statements contained in this presentation 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, our ability to successfully commercialize our products, expectations as to the amount of reduction that the Company's products may have on a manufacturer's carbon footprint. 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. The forward-looking statements in this document include, but are not limited to, statements regarding the Company's expected product pipeline, plans to expand the Company's business into new markets, the Company's ability to achieve organizational efficiencies, and other statements regarding the Company's plans and expectations in 2024. Such statements reflect our current views and beliefs with respect to future events, are subject to risks and uncertainties, and are based upon several estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Those assumptions and risks include, but are not limited to, the Company's ability to successfully allocate capital as needed and to develop new products, as well as the fact that our results of operations and business outlook are subject to significant risk, volatility, and uncertainty. 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 or services 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 information include, among other things: the impact of the conflict in Ukraine including the potential expansion of the conflict into other countries or regions; the availability and price of natural feedstocks used in the production of our products; agricultural risks that could impact crop yields and bio-based materials; a significant decrease in the market price of petroleum related feedstocks; inflationary pressures that may affect labor, raw materials, energy, agricultural commodities and other input costs; fluctuations in energy costs used to run production facilities; the inability to effectively expand our production facilities; dependence on certain customers and changes in customer demand; credit and concentration risk associated cash and cash equivalents as

well as accounts receivable; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; increase in industry competition; variations in our financial results; our ability to effectively commercially market and sell our products; the inability to retain key personnel; the inability to develop new technologies and products; an inability to protect, defend or use our intellectual property and/or infringement of third-party intellectual property; enforcement of intellectual property rights; the ability to acquire intellectual property; the risk of litigation with respect to intellectual property and other matters; our ability to protect our know-how and trade secrets; 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; the impact of infectious disease outbreaks on our business including a resurgence of COVID-19; changes in government regulations and policies relating to our business; a shortage of supplies, equipment and parts; a breach in cyber-security; company growth and the impact of significant operating and capital cost increases; changes in the current political and regulatory environments in which we operate; the inability to secure additional government grants; a deterioration in our cash balances or liquidity; the inability to obtain equity or debt financing; insufficient product liability insurance; the impact of issuance of additional equity securities on the trading price of the common shares; 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 volatile market price for common shares; the impact of changes in interest rates; the impact of changes in foreign currency exchange; losses from hedging activities and changes in hedging strategy, as well as the factors identified in the "Risk Factors" section of the Company's Annual Information Form dated February 27, 2024. Such factors are not intended to represent a complete list of the factors that could affect us. These factors should be considered carefully, and prospective investors should not place undue reliance on forward-looking information.

IFRS and Non-IFRS Measures

This presentation makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of results of operations of the Company from management's perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of the financial information of the Company reported under IFRS. We use non-IFRS measures such as Adjusted EBITDA to provide investors with a supplemental measure of operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet its capital expenditure and working capital requirements.

Adjusted EBITDA as presented herein is not a recognized measure under IFRS and should not be considered as an alternative to operating income or net income as measures of operating results or an alternative to cash flows as measures of liquidity. Adjusted EBITDA is defined as consolidated net income (loss) before interest, income taxes, depreciation, amortization, impairment loss on property, plant and equipment (PP&E), gain or loss on disposals of PP&E, accretion, and other non-cash expenses deducted in determining consolidated net income (loss).

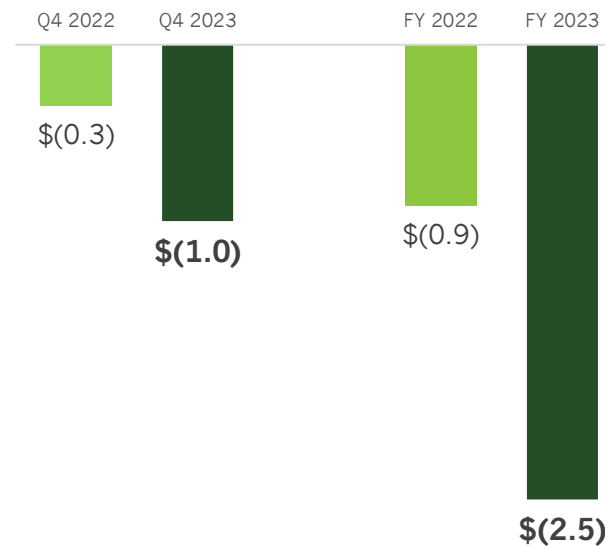
LOWER VOLUMES PRIMARILY DUE TO GRAPHIC PAPER HEADWINDS

(USD millions)

Net Sales



Adj EBITDA (loss)



Cash provided by (used in) operating activities



CASH FLOW IMPROVEMENTS DUE TO LOWER WORKING CAPITAL INVESTMENTS

DISRUPTING ENTRENCHED CHEMISTRIES USED FOR DECADES

WOOD COMPOSITES:

- Key strategic account moved to commercial production in 2023
- They are influencing supply chain partners to move to biobased glues

PAPERBOARD, PULP & TISSUE

- Gaining traction with market leaders
- Compelling economics for our customers

PERSONAL CARE

- Expanded volumes off a small base

Progress on most strategic aspects of commercial strategy stronger than ever

PAPERBOARD, PULP & TISSUE DEMAND DYNAMICS



Pulp products used in paperboard and tissue which are growth markets

Softwood pulp expected to be in shorter and shorter supply

Hardwood pulp and recycled fiber require modification to perform at the same strength level as softwood pulp

Demand dynamics play directly into our SurfLock™ strength aids

SURFLOCK PROGRESS:

Improving strength and delivering cost reductions through use of lower cost fibers



PULP

- Global pulp producer trialing with us increased their marketing investment and formed customer support unit for their enhanced strength offering
- Another larger order shipped in Q1 for next trial

TISSUE

- Faster moving pipeline on smaller, less complex lines with lower volumes

PAPERBOARD

- Larger more complex lines, volumes similar to a wood composites line



A milestone that will impact our future footprint is the introduction of bio-based glue in one of our board factories. Today, 5% of the climate footprint for the total IKEA value chain is connected to the use of glue in board materials.

The Kazlų Rūda factory in Lithuania became the first IKEA Industry factory to use bio-based glue.

This is an important first step in the work to reduce the climate footprint from glue by 30% by FY30. As glue in board materials represents 5% of the total climate footprint within the IKEA value chain, such a decrease will have a significant impact on our climate footprint.

WOOD COMPOSITES PROGRESS:

DuraBind™ the clear incumbent
in the biobased glue market



Supporting and expanding commercial
usage at our key strategic account

Strategic account is a thought leader
that is engaging their supply chain
partners as a catalyst event for
new demand

Working with other identified prospects
that are committed to an investment and
move to biobased glues

Product development focused on
enhancing economics of DuraBind

PROGRESS ON OUR ALL-NATURAL POLYMERS FOR PERSONAL CARE



Exclusive partnership with Dow for our all-natural ingredients in personal care

Dow remains highly engaged and continues to invest resources

Increased volumes in 2023 off a small base driven by more small wins by Dow in hair fixative end market

Dow highlighting progress and new applications at the In Cosmetics show held in Paris in April

Targeting a meaningful share of the \$460M hair fixative market

U.S. CORN PRICING EASING



\$6.43
corn/bushel
Jun 2023
vs.
\$4.64
Dec 2023

COMMISSIONED NEW LINE AT COI IN BURLINGTON



Offers greater control and flexibility across supply chain and manufacturing process

First commercial scale orders successfully shipped; new line to serve North America

Relationship with toll manufacturing partner in The Netherlands unchanged; will continue to serve Europe and Asia

Q4 & FISCAL 2023 FINANCIAL SUMMARY

| <i>USD millions (except gross margin)</i> | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---------------------------------------------------------|---------|---------|---------|---------|
| Net Sales | \$2.8 | \$5.6 | \$12.7 | \$19.0 |
| Gross Profit | \$0.5 | \$0.9 | \$2.8 | \$4.2 |
| Gross Margin | 16.3% | 16.4% | 22.0% | 21.8% |
| Gross Margin adjusted for manufacturing depreciation | 21.9% | 21.4% | 28.9% | 25.5% |
| Adjusted EBITDA ¹ (loss) | \$(1.0) | \$(0.3) | \$(2.5) | \$(0.9) |

US\$33.3 MILLION IN CASH AND SHORT-TERM INVESTMENTS (12/31/23)

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BUILDING TO \$100M+ IN SALES

\$100M
SALES



ACHIEVABLE WITH EXISTING PARTNERS



LEADING GLOBAL
MANUFACTURER/
RETAILER

LEADING
GLOBAL TISSUE /
PAPERBOARD
MANUFACTURERS



QUESTIONS & ANSWERS