

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis ("MD&A") dated July 29, 2025 is intended to assist the readers in the understanding of EcoSynthetix Inc. and its wholly owned subsidiaries ("EcoSynthetix" or the "Company"), its business environment, strategies and performance and risk factors. It should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2024. Financial data has been prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2024.

The Company, together with its consolidated subsidiaries, is referred to as the "Company", "we", "us", or "our". Our functional currency and reporting currency is the U.S. dollar. Unless otherwise indicated, all references to "\$" and "dollars" in this discussion and analysis mean U.S. dollars.

Certain measures used in this MD&A do not have any standardized meaning under IFRS. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. It is unlikely that these measures could be compared to similar measures presented by other companies. See "IFRS and non-IFRS Measures".

Forward-looking statements are included in this MD&A. See "Forward-Looking Statements" below for a discussion of risks, uncertainties and assumptions relating to these statements. For a description of the risks relating to the Company, refer to the "Risk Factors" section of this MD&A and the "Risk Factors" section of the Company's Annual Information Form dated February 18, 2025.

Forward-looking Statements

Certain statements contained in this MD&A 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 2025. 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; changes in government regulations and policies relating to our business; 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 with 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; a shortage of supplies, equipment and parts; a breach in cybersecurity; 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 18, 2025. 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 MD&A 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 the 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).

Overview

We are a renewable chemicals company specializing in bio-based materials that are used as inputs in a wide range of products that allow customers to reduce their use of harmful materials, such as formaldehyde and styrene-based chemicals and enable carbon footprint reductions. Our flagship products, DuraBind™, Bioform™, Surflock™, and EcoSphere®, are used to manufacture wood composites, personal care, graphic paper, pulp, paperboard, and tissue

products and enable performance improvements, economic benefits and sustainability. Our strategy is to commercialize a broad range of bio-based polymer and monomer products within specific market segments. We have developed processes that leverage “green” technology to produce bio-based materials from natural polysaccharide feedstocks, such as corn starch, as an alternative to petroleum-derived feedstocks.

To date, we have developed the following two bio-based technology platforms that support broad application across a wide range of industries: (i) a biopolymer nanosphere technology that has been fully scaled and validated; and (ii) a bio-based sugar macromer technology. Our biopolymer nanosphere technology has generated four product families, EcoSphere, Bioform, Surflock, and DuraBind biopolymers. Our bio-based sugar macromer technology has generated two product families, EcoMer® biomonomers and EcoStix® bio-based pressure sensitive adhesives. Substantially all our revenue has been generated from the sale of our biopolymer nanosphere technology into the graphic paper, paperboard, pulp, tissue and wood composite markets.

Factors Affecting the Results of Operation

Commercialization

Our customers typically go through the following evaluation stages prior to commercial adoption of our products:

- (i) laboratory evaluation;
- (ii) pilot scale production testing; and
- (iii) industrial trials representing full scale production.

Our performance is influenced by our ability to convert prospects from the industrial trial phase into full commercial customers. The industrial trial stage is an important part of the sales cycle; it requires potential customers to invest significant resources, including labour and operating expenditures, and the product must meet or surpass rigorous qualification procedures. Successfully reaching the mill trial stage with a potential customer reflects substantial interest and commitment from them.

Our financial condition and results of operations are influenced by a variety of other factors, including:

- Optimizing the formulation of existing products to allow higher substitution rates by current and new customers and the ability to effectively develop products for new markets which could be a significant source of revenue growth in the future
- Pricing of incumbent technologies and other substitutes for our products
- Feedstock, other input and production costs and availability

Net Sales

Revenue is recognized when the Company has satisfied its performance obligations as set out in the contract with the customer, the contract has commercial substance, and it is probable that the Company will collect the consideration it is entitled to on performance of its obligations in the contract. These criteria are generally met when the transfer of control of goods has occurred, which typically occurs at the time of shipment or delivery, depending on the terms of the agreement. Net sales are measured based on the price specified in the sales contract, net of any discounts and estimated returns at the time of sale.

Cost of sales and gross profit

Our gross profit is derived from our net sales less our cost of sales. Cost of sales includes raw material costs, contract manufacturing costs, direct labor associated with manufacturing, freight costs and depreciation related to manufacturing equipment. Direct materials consist of the costs of natural feedstock and process chemicals. Cost of sales is mainly affected by natural feedstock costs and manufacturing costs.

Selling, general and administrative

Selling, general and administrative expenses (SG&A) primarily relates to salaries & benefits and other employee related costs which collectively represent approximately 50% of total SG&A. In addition to this, SG&A includes travel expenses, professional fees, facility costs, foreign exchange gains and losses, insurance, marketing costs and share-based compensation.

Foreign exchange represents the revaluation of monetary assets and liabilities denominated in foreign currencies. The change in foreign exchange gains and losses are primarily due to foreign exchange rate fluctuations between the U.S. dollar (our functional currency) and foreign currencies on our net monetary position in those respective currencies.

Research and development

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are expensed as incurred unless they meet certain capitalization criteria. No development costs have been capitalized to date.

Our research and development expenses (R&D) consist of costs incurred to develop and test our products. Salaries & benefits related to employees directly involved in research and development activities represent approximately 60% of total R&D. In addition, R&D includes costs related to consultants, facility costs including depreciation on property, plant and equipment not utilized in our production process, supplies and other costs directly associated with product development.

Results of operations

The following is a summary of our results of operations for the three and six months ended June 30, 2025 and 2024:

	Three months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Net sales	5,004,511	3,183,961	1,820,550	57%
Gross profit	1,422,836	858,279	564,557	66%
Loss from operations	(248,352)	(1,222,756)	974,404	-80%
Net income (loss)	111,004	(683,887)	794,891	-116%
Weighted average number of shares outstanding	58,576,242	58,705,545	(129,303)	0%
Basic and diluted income (loss) per share	0.00	(0.01)	0.01	-116%
Adjusted EBITDA ¹ (loss)	238,211	(785,283)	1,023,494	-130%

	Six months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Net sales	9,046,672	7,869,780	1,176,892	15%
Gross profit	2,290,875	1,993,169	297,706	15%
Loss from operations	(1,224,428)	(2,259,151)	1,034,723	-46%
Net loss	(495,522)	(1,303,233)	807,711	-62%
Weighted average number of shares outstanding	58,554,124	58,659,345	(105,221)	0%
Basic and diluted loss per share	(0.01)	(0.02)	0.01	-62%
Adjusted EBITDA ¹ (loss)	(262,800)	(1,315,100)	1,052,300	-80%

¹ Refer to "IFRS and Non-IFRS Measures" and "Adjusted EBITDA" sections in this MD&A

Net Sales – Net sales for the three months ended June 30, 2025 were \$5.0 million compared to \$3.2 million in the same period last year, an increase of \$1.8 million or 57%. The increase was due to higher volumes of \$1.6 million, or 50%, and a higher average selling price which increased sales \$0.2 million, or 7%. Net sales for the six months ended June 30, 2025 were \$9.0 million compared to \$7.9 million in the same period last year, an increase of \$1.2 million, or 15%. The increase was due to higher volumes which increased sales \$1.1 million, or 14%, and a higher

average selling price which increased sales \$0.1 million, or 1%. The increase in volume during both periods is primarily due to increased demand for the Company's products sold into the wood composite and pulp end markets.

Gross profit – Gross profit for the three months ended June 30, 2025, was \$1.4 million compared to \$0.9 million in the same period last year, an increase of \$0.6 million, or 66%. Gross profit for the six months ended June 30, 2025, was \$2.3 million compared to \$2.0 million in the same period last year, an increase of \$0.3 million, or 15%. The increase in both periods was primarily due to higher volumes and a higher average selling price.

Gross profit as a percentage of sales for the three months ended June 30, 2025 was 28.4% compared to 27.0% in the same period last year and gross profit as a percentage of sales adjusted for manufacturing depreciation during the three months ended June, 2025 was 33.0% compared to 31.1% in the same periods last year. The increase in both metrics was primarily due to a higher average selling price partially offset by higher manufacturing costs. During the six month period June 30, 2025, both metrics were comparable to the same period last year.

Operating Expenses

The following table sets forth the breakdown of our operating expenses by category during the three and six months ended June 30, 2025 and 2024:

	Three months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Selling, general and administrative	1,242,610	1,440,705	(198,095)	-14%
Research and development	428,578	640,330	(211,752)	-33%
Total operating expenses	1,671,188	2,081,035	(409,847)	-20%

	Six months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Selling, general and administrative	2,702,157	3,163,173	(461,016)	-15%
Research and development	813,146	1,089,147	(276,001)	-25%
Total operating expenses	3,515,303	4,252,320	(737,017)	-17%

Selling, general and administrative (SG&A) – SG&A expenses for the three months ended June 30, 2025 were \$1.2 million compared to \$1.4 million in the same period last year, a decrease of \$0.2 million, or 14%. SG&A expenses for the six months ended June 30, 2025 were \$2.7 million compared to \$3.2 million in the same period last year, a decrease of \$0.5 million, or 15%. The decrease during both periods is primarily due to asset relocation costs incurred in the prior year.

Research and development (R&D) – R&D expenses for the three months ended June 30, 2025 were \$0.4 million compared to \$0.6 million in the same period last year, a decrease of \$0.2 million, or 33%. R&D expenses for the six months ended June 30, 2025 were \$0.8 million compared to \$1.1 million in the same period last year, a decrease of \$0.3 million, or 25%. The decrease during both periods is primarily due to higher product scale-up costs incurred in the prior year, as well as lower asset depreciation. R&D expense as a percentage of sales for the three and six months ended was 9% compared to 20% and 14% in the prior year. The Company's R&D efforts continue to focus on further enhancing the value of our existing products and expanding our addressable opportunities.

Loss from operations – Loss from operations for the three months ended June 30, 2025 was \$0.2 million compared to \$1.2 million in the same period last year. The \$1.0 million improvement was due to higher gross profit of \$0.6 million and lower operating expenses of \$0.4 million. Loss from operations for the six months ended was \$1.2 million compared to \$2.3 million in the same period last year. The \$1.0 million improvement was due to lower operating expenses of \$0.7 million and higher gross profit of \$0.3 million.

Net income (loss) – Net income for the three months ended June 30, 2025 was \$0.1 million, or \$0.00 net income per common share, compared to a \$0.7 million net loss, or \$0.01 net loss per common share in the same quarter last year. Net loss for the six months ended June 30, 2025 was \$0.5 million, or \$0.01 net loss per common share, compared to a \$1.3 million net loss, or \$0.02 net loss per common share in the same period last year. The change in both periods was primarily due to a reduction in loss from operations.

Financial Condition

Current assets

	June 30 2025	December 31 2024	Change	
			\$	%
Cash	5,767,420	7,721,403	(1,953,983)	-25%
Term deposits	24,959,374	24,473,985	485,389	2%
Accounts receivable	2,589,094	2,325,369	263,725	11%
Inventory	3,275,991	2,828,748	447,243	16%
Prepaid expenses	205,781	90,306	115,475	128%
Total current assets	36,797,660	37,439,811	(642,151)	-2%

Total current assets – Total current assets as of June 30, 2025 were \$36.8 million compared to \$37.4 million, a decrease of \$0.6 million, or 2%. The decrease in cash of \$2.0 million is primarily due to cash used in investing activities of \$1.1 million, cash used in financing activities of \$0.8 million and cash used in operating activities of \$0.2 million. The increase in term deposits of \$0.5 million was primarily due to new term deposit purchases, net of term deposit receipts, offset by lower accrued interest on term deposits. The \$0.3 million increase in accounts receivable is due to the timing of sales. The \$0.4 million increase in inventory was primarily due higher raw materials on hand at end of the period.

Total assets and liabilities

	June 30 2025	December 31 2024	Change	
			\$	%
Total assets	40,266,936	41,284,821	(1,017,885)	-2%
Total liabilities	1,647,147	1,938,831	(291,684)	-15%

Total assets – Total assets as of June 30, 2025 were \$40.3 million compared to \$41.3 million as of December 31, 2024, a decrease of \$1.0 million or 2%. The change was primarily due to \$0.6 million in lower total current assets and \$0.5 million in depreciation expense offset by \$0.2 million in PP&E additions relating to manufacturing equipment.

Total liabilities – Total liabilities as of June 30, 2025 were \$1.6 million compared to \$1.9 million as of December 31, 2024, a decrease of \$0.3 million, or 15%. The decrease is primarily due to lower trade accounts payable and accrued liabilities.

Liquidity and Capital Resources

We currently fund our business operations through cash flow generated from our operations and from existing cash and term deposits. We believe that ongoing operations, working capital and associated cash flow in addition to our cash resources provide sufficient liquidity to support our ongoing business operations for the foreseeable future.

Below is a summary of our cash flows provided by (used in) operating activities, financing activities, and investing activities for the three and six months ended June 30, 2025, and 2024:

	Three months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Cash (used in) operating activities	(359,402)	(656,739)	297,337	-45%
Cash (used in) investing activities	(317,623)	(470,329)	152,706	-32%
Cash (used in) provided by financing activities	(436,950)	35,085	(472,035)	-1345%
Effect of exchange rate changes on cash	124,605	(3,577)	128,182	-3584%
Change in cash	(989,370)	(1,095,560)	106,190	-10%
Beginning cash	6,756,790	5,034,173	1,722,617	34%
Ending cash	5,767,420	3,938,613	1,828,807	46%

	Six months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Cash (used in) provided by operating activities	(237,863)	408,357	(646,220)	-158%
Cash (used in) investing activities	(1,070,788)	(822,715)	(248,073)	30%
Cash (used in) financing activities	(806,996)	(561,218)	(245,778)	44%
Effect of exchange rate changes on cash	161,664	(1,256)	162,920	-12971%
Change in cash	(1,953,983)	(976,832)	(977,151)	100%
Beginning cash	7,721,403	4,915,445	2,805,958	57%
Ending cash	5,767,420	3,938,613	1,828,807	46%

Cash (used in) provided by operating activities – During the three months ended June 30, 2025, cash used in operating activities was \$0.4 million compared to \$0.7 million in the same period last year. During the three months ended June 30, 2025, cash used in operating activities of \$0.4 million primarily relates to cash used in working capital of \$0.7 million offset by \$0.2 million in net income and comprehensive income adjusted for non-cash items and accrued interest on term deposits. During the three months ended June 30, 2024, cash provided by operating activities of \$0.7 million primarily relates to net loss adjusted for non-cash items and accrued interest on term deposits of \$0.6 million.

During the six months ended June 30, 2025, cash used in operating activities was \$0.2 million compared to cash generated by operating activities of \$0.4 million in the same period last year. During the six months ended June 30, 2025, cash used in operating activities of \$0.2 million primarily relates to cash used in working capital of \$1.0 million and net loss and comprehensive loss adjusted for non-cash items and accrued interest on term deposits of \$0.3 million offset by \$1.0 million in interest received on term deposits. During the six months ended June 30, 2024, cash generated from operating activities of \$0.4 million primarily related to cash received from changes in working capital of \$1.3 million and interest received on term deposits of \$0.4 million and was offset by net loss and comprehensive loss adjusted for non-cash items and accrued interest on term deposits of \$1.3 million.

Cash (used in) investing activities – Cash used in investing activities for the three months ended June 30, 2025 was \$0.3 million and was primarily due to \$0.2 million in term deposit purchases, net of term deposit receipts, and \$0.1 million in purchases of PP&E relating to machinery and equipment. Cash used in investment activities for the three months ended June 30, 2024 was \$0.5 million and was primarily due to \$0.3 million in term deposit purchases, net of term deposit receipts, and \$0.3 million in purchases of PP&E relating to machinery and equipment and was partially offset by \$0.1 million in proceeds received on the sale of PP&E.

Cash used in investing activities for the six months ended June 30, 2025 was \$1.1 million and was primarily due to \$0.9 million in term deposit purchases, net of term deposit receipts, and \$0.2 million in purchases of PP&E relating to machinery and equipment. Cash used in investment activities for the six months ended June 30, 2024 was \$0.8 million and was primarily due to \$0.5 million in term deposit purchases, net of term deposit receipts, and \$0.4 million in purchases of PP&E relating to machinery and equipment and was partially offset by \$0.1 million in proceeds received on the sale of PP&E.

Cash (used in) financing activities – Cash used in financing activities of \$0.4 million during the three months June 30, 2025, primarily related to the purchase of common shares through the normal course issuers bid (NCIB). Cash generated by financing activities during the three months ended June 30, 2024 was a nominal amount.

Cash used in financing activities of \$0.8 million during the six months June 30, 2025, primarily related to the purchase of common shares through the NCIB. Cash used in financing activities during the six months ended June 30, 2024 was \$0.6 million and primarily related to common shares purchased through the NCIB of \$1.1 million and was partially offset by proceeds received on the exercise of common share options of \$0.7 million.

Effect of exchange rate changes on cash – The effect of exchange rate changes on cash is primarily due to the revaluation of cash denominated in Canadian dollars and the impact of currency fluctuations between the Canadian dollar and U.S. dollar.

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy and fund research and product development, while at the same time taking a conservative approach towards managing financial risk. The Company's capital is composed of the net cash primarily received related to common shares, and cash flows generated from operating activities. Our primary uses of capital are financing operations, increasing non-cash working capital and capital expenditures. We currently fund these requirements from existing cash resources. Our objectives when managing capital are to ensure that we will continue to have enough liquidity to provide our products and services to our customers and a return to our shareholders. We monitor our capital on the basis of the adequacy of our cash resources to fund our business plan. In order to maximize the capacity to finance our ongoing growth, we do not currently pay a dividend to the holders of our common shares.

Commitments

The Company entered the following contractual obligations in the normal course of operations that were not recognized as liabilities as at June 30, 2025:

- I. The Company is committed to purchasing \$2.2 million of raw materials and other costs associated with production and \$0.1 million in PP&E relating to machinery and equipment.

Summary of Quarterly Results

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended June 30, 2025. This information has been prepared on the same basis as the annual financial statements and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the quarterly and annual financial statements of the Company and the related notes to those statements.

	Three months ended							
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Net sales	5,004,511	4,042,161	5,432,916	5,233,974	3,183,961	4,685,819	2,843,437	3,800,564
Gross profit	1,422,836	868,039	1,571,481	1,742,453	858,279	1,134,890	464,048	1,151,985
Loss from operations	(248,352)	(976,076)	(622,261)	(299,955)	(1,222,756)	(1,036,395)	(1,441,361)	(588,702)
Net loss	111,004	(606,526)	(206,884)	143,191	(683,887)	(619,346)	(584,624)	(267,947)
Weighted average number of shares outstanding	58,576,242	58,531,759	58,593,194	58,758,013	58,705,545	58,613,145	58,635,640	58,711,122
Basic and diluted income (loss) per share	0.00	(0.01)	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.00)
Adjusted EBITDA ⁽¹⁾ (loss)	238,211	(501,011)	92,341	364,714	(785,283)	(529,817)	(969,092)	(189,102)

The following table reconciles net income (loss) to Adjusted EBITDA (loss) for the three months ended:

	Three months ended							
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Net income (loss)	111,004	(606,526)	(206,884)	143,191	(683,887)	(619,346)	(584,624)	(267,947)
Depreciation	275,783	270,403	352,162	269,945	238,433	304,199	247,690	234,516
Share-based compensation	210,780	204,662	362,440	394,724	199,040	202,379	224,579	165,084
Gain on disposal of property, plant and equipment	-	-	-	-	(90,000)	-	(511,038)	-
Net interest income	(359,356)	(369,550)	(415,377)	(443,146)	(448,869)	(417,049)	(345,699)	(320,755)
Adjusted EBITDA ⁽¹⁾ (loss)	238,211	(501,011)	92,341	364,714	(785,283)	(529,817)	(969,092)	(189,102)

Notes:

- (1) Refer to "IFRS and Non-IFRS Measures" section in this MD&A

Adjusted EBITDA (loss)

The following table reconciles net income (loss) to Adjusted EBITDA (loss) for the three and six months ended June 30, 2025 and 2024.

	Three months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Net income (loss)	111,004	(683,887)	794,891	-116%
Depreciation	275,783	238,433	37,350	16%
Share-based compensation	210,780	199,040	11,740	6%
Gain on disposal of property, plant and equipment	-	(90,000)	90,000	-100%
Net interest income	(359,356)	(448,869)	89,513	-20%
Adjusted EBITDA ⁽¹⁾ (loss)	238,211	(785,283)	1,023,494	-130%

	Six months ended		Change	
	June 30, 2025	June 30, 2024	\$	%
Net loss	(495,522)	(1,303,233)	807,711	-62%
Depreciation	546,186	542,632	3,554	1%
Share-based compensation	415,442	401,419	14,023	3%
Gain on disposal of property, plant and equipment	-	(90,000)	90,000	-100%
Net interest income	(728,906)	(865,918)	137,012	-16%
Adjusted EBITDA ⁽¹⁾ (loss)	(262,800)	(1,315,100)	1,052,300	-80%

Notes:

(1) Refer to "IFRS and Non-IFRS Measures" section in this MD&A

Adjusted EBITDA for the three months ended June 30, 2025, was \$0.2 million compared to an Adjusted EBITDA loss of \$0.8 million in the same period last year, an improvement in Adjusted EBITDA of \$1.0 million. Adjusted EBITDA loss for the six months ended June 30, 2025, was \$0.3 million compared to an Adjusted EBITDA loss of \$1.3 million in the same period last year, an improvement in Adjusted EBITDA of \$1.1 million. The improvement during both periods is primarily due to higher gross profit and lower operating costs adjusted for non-cash items.

Internal control over financial reporting

There were no changes in the Company's internal control over financial reporting during the three and six months ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information relating to EcoSynthetix Inc., including continuous disclosure documents, are available on SEDAR at www.sedarplus.ca.

Common Share Trading Information

The Company's common shares trade on the Toronto Stock Exchange under the symbol "ECO". As at July 29, 2025 the Company had **58,693,740** common shares issued and outstanding. If all outstanding share options were exercised and assuming the settlement of outstanding RSU's and DSU's through common shares, there would be the equivalent of **62,055,644** common shares issued and outstanding on a fully diluted basis.

Outlook

Our proprietary biopolymers address large industrial end markets in wood composites, pulp, tissue and paperboard and high value retail markets in personal care. We have significantly diversified our revenue mix over the course of the past three years away from the legacy paper offering to a broader mix with material contributions from wood composites, pulp, tissue and paperboard.

Our growth in these target end markets has now lapped the macro demand deterioration in the legacy coated paper end market. We have gained significant traction in these markets but it's still early on a relative basis as we are replacing chemistries that have been used in large-scale, industrial processes for multiple decades. Our disciplined cost management has enabled us to preserve our strong balance sheet. As we continue to scale, we expect consistent and sustainable growth in profitability. We believe we can leverage our next steps of growth and maintain cost discipline to deliver long-term value to shareholders.

We have key strategic commercial accounts or partners in each of our wood composites, pulp and personal care end markets. These players are global leaders in their respective industries. We have established strong relationships with each of these manufacturers through multiple years of development and commercial activity. Their scale and influence across their supply chains support industrial change away from conventional petroleum-based binders toward the healthier and safer bio-based binders that we offer.

Our commercial strategy consists of 1) growing the usage of our biopolymers within the manufacturing lines and customers where we are already commercial at these global leaders; 2) expanding across new lines and customers these global leaders operate or serve; and 3) winning new commercial accounts, both within the supply chain that serves our key wood composites account and more broadly across each of our end markets.

We are focused on the following core priorities to drive sustainable growth and profitability.

- 1. Continue to execute our commercial strategy across our target end markets** – Our focused offering of sustainable biopolymers displaces conventional petroleum-based chemicals. The contributions from wood composites, pulp, tissue, paperboard, and personal care end markets are the primary drivers of our growth. The legacy graphic paper end market, while no longer material to the growth of the business, has demonstrated our ability to offer performance and cost savings at scale and has provided foundational relationships for our biopolymers targeting the pulp, tissue and paperboard end markets.
- 2. Drive growth in pulp, tissue and paperboard** – We continue to make progress within the pulp, tissue and paperboard end markets. Our pulp offering is one of the most exciting growth drivers of the business. We have secured our first commercial account for SurfLock in the pulp end market. We are commercial on our first line with a large global pulp manufacturer that has run industrial scale trials across multiple lines. The performance and economic benefits of using SurfLock are material to both the manufacturer and us. The volumes addressable in the pulp end market exceed any other commercial market we target today. At the same time, we continue to see growth opportunities in the paperboard and tissue end markets, where we have established multiple commercial accounts by leveraging regional distribution partners. Trial activity and the opportunity pipeline for SurfLock continue to build. We believe SurfLock will be a material growth driver in the coming years.
- 3. Drive growth in wood composites markets** – A top 15 global manufacturer of wood composite products that is backward integrated into a leading international retailer uses our DuraBind resin commercially at one of its manufacturing lines and is in late-stage commercial trials at a second. The international retailer has identified the use of bio-based glues as a key driver of its sustainability objectives. Opportunities to expand the usage of DuraBind exist at the retailer's other manufacturing lines and across the other supply chain partners it buys from, as well as other global wood composites manufacturers. We believe DuraBind is well-positioned to capitalize on the carbon footprint and air quality benefits it delivers to rapidly grow its share of the \$15 billion annual wood composite binder market.
- 4. Drive growth in personal care markets** – Dow Chemicals (“Dow”) has an exclusive agreement with us to bring innovative bio-based, biodegradable and low-carbon solutions to the personal care industry based on our Bioform biopolymer technology. The Dow engagement currently includes the all-natural Dow MaizeCare™ polymers portfolio. During the past year, Dow has expanded the portfolio from the original focus on hair fixatives

to include new applications in skin care and colour cosmetics. These new applications significantly expand the addressable market for MaizeCare.

- 5. Product Development** – Our product development efforts focus on applications for DuraBind, EcoSphere, Surflock, and Bioform biopolymer products in market segments where their value proposition is strong, and on further improvements to the product lines to further enhance value and expand addressable opportunities. The Company is also pursuing new product categories in specific markets where strong commercial interest from recognized leaders exists and the development of our existing commercial products with alternative feedstocks beyond corn-based starch.

A more detailed discussion on our strategy is provided in our 2024 Annual Information Form dated February 18, 2025, which is available for download on www.sedarplus.ca.