

EcoSynthetix Inc.

Interim Consolidated Financial Statements
(Unaudited)

September 30, 2025
(expressed in US dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of EcoSynthetix Inc. (the Company) have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EcoSynthetix Inc.
Interim Consolidated Balance Sheets
(Unaudited)

(expressed in US dollars)

	September 30, 2025 \$	December 31, 2024 \$
Assets		
Current assets		
Cash	9,412,566	7,721,403
Term deposits (note 2)	21,012,267	24,473,985
Accounts receivable (note 3)	2,386,629	2,325,369
Inventory (note 4)	4,069,382	2,828,748
Prepaid expenses	423,560	90,306
	37,304,404	37,439,811
Property, plant and equipment (note 5)	5,889,206	3,845,010
Total assets	43,193,610	41,284,821
Liabilities		
Current liabilities		
Trade accounts payable and accrued liabilities (note 6)	2,799,048	1,938,831
Lease liability (note 7)	1,859,639	-
Total liabilities	4,658,687	1,938,831
Shareholders' Equity		
Common shares (note 9)	489,084,792	489,246,909
Contributed surplus	10,950,904	11,013,304
Accumulated deficit	(461,500,773)	(460,914,223)
Total shareholders' equity	38,534,923	39,345,990
Total liabilities and shareholders' equity	43,193,610	41,284,821

The accompanying notes are an integral part of these interim consolidated financial statements.

EcoSynthetix Inc.

Interim Consolidated Statements of Operations and Comprehensive (Loss) Income (Unaudited)

For the three and nine months ended September 30, 2025 and September 30, 2024

(expressed in US dollars)

	Three months ended September 30		Nine months ended September 30	
	2025 \$	2024 \$	2025 \$	2024 \$
Net sales (note 10)	5,833,596	5,233,974	14,880,268	13,103,754
Cost of sales (notes 5 and 11)	4,092,113	3,491,521	10,847,910	9,368,132
Gross profit on sales	1,741,483	1,742,453	4,032,358	3,735,622
Expenses (notes 5 and 11)				
Selling, general and administrative	1,784,332	1,479,267	4,486,489	4,642,440
Research and development	386,787	563,141	1,199,933	1,652,288
	2,171,119	2,042,408	5,686,422	6,294,728
Loss from operations	(429,636)	(299,955)	(1,654,064)	(2,559,106)
Net interest income (note 2)	338,608	443,146	1,067,514	1,309,064
Gain on disposal of property, plant and equipment (note 5)	-	-	-	90,000
Net (loss) income and comprehensive (loss) income	(91,028)	143,191	(586,550)	(1,160,042)
Basic and diluted (loss) income per common share	-	-	(0.01)	(0.02)
Weighted average number of common shares outstanding	58,672,511	58,758,013	58,594,020	58,692,474

The accompanying notes are an integral part of these interim consolidated financial statements.

EcoSynthetix Inc.

Interim Consolidated Statements of Shareholders' Equity

(Unaudited)

For the nine months ended September 30, 2025 and September 30, 2024

(expressed in US dollars)

	Common shares \$	Contributed surplus \$	Accumulated deficit \$	Total \$
Balance – January 1, 2024	490,263,781	10,253,411	(459,547,297)	40,969,895
Share-based compensation	-	796,143	-	796,143
Common share options exercised	1,066,807	(356,348)	-	710,459
Common shares repurchased	(1,661,498)	-	-	(1,661,498)
Restricted share units exercised	16,731	(16,731)	-	-
Net loss and comprehensive loss for the period	-	-	(1,160,042)	(1,160,042)
Balance – September 30, 2024	489,685,821	10,676,475	(460,707,339)	39,654,957
Balance – January 1, 2025	489,246,909	11,013,304	(460,914,223)	39,345,990
Share-based compensation (note 8)	-	781,333	-	781,333
Common share options exercised (note 9)	66,373	(23,135)	-	43,238
Common shares repurchased (note 9)	(1,049,088)	-	-	(1,049,088)
Restricted share units exercised (note 9)	125,967	(125,967)	-	-
Deferred share units exercised (note 9)	694,631	(694,631)	-	-
Net loss and comprehensive loss for the period	-	-	(586,550)	(586,550)
Balance – September 30, 2025	489,084,792	10,950,904	(461,500,773)	38,534,923

The accompanying notes are an integral part of these interim consolidated financial statements.

EcoSynthetix Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited)

For the three and nine months ended September 30, 2025 and September 30, 2024

(expressed in US dollars)

	Three months ended September 30		Nine months ended September 30	
	2025 \$	2024 \$	2025 \$	2024 \$
Cash provided by (used in)				
Operating activities				
Net (loss) income and comprehensive (loss) income for the period	(91,028)	143,191	(586,550)	(1,160,042)
Items not affecting cash				
Depreciation (note 5)	265,525	269,945	811,711	812,577
Share-based compensation (note 8)	365,891	394,724	781,333	796,143
Other	27,520	(12,711)	(125,307)	(24,368)
Gain on disposal of property, plant and equipment (note 5)	-	-	-	(90,000)
Changes in non-cash working capital				
Accounts receivable (note 3)	202,465	(776,092)	(61,260)	(698,051)
Inventory (note 4)	(812,881)	253,148	(1,265,288)	1,349,274
Prepaid expenses	(217,779)	10,404	(333,254)	(68,434)
Trade accounts payable and accrued liabilities (note 6)	761,605	928,942	621,959	1,097,867
Interest on term deposits				
Interest received on term deposits	291,473	772,812	1,333,322	1,174,974
Accrued interest on term deposits (note 2)	(272,092)	(408,296)	(893,830)	(1,205,516)
	520,699	1,576,067	282,836	1,984,424
Investing activities				
Purchase of property, plant and equipment	(341,430)	(301,224)	(506,718)	(713,939)
Proceeds on disposal of property, plant and equipment (note 5)	-	-	-	90,000
Receipts on mature term deposits (note 2)	6,950,000	12,500,000	26,500,000	27,800,000
Purchase of term deposits (note 2)	(3,022,274)	(11,500,000)	(23,477,774)	(27,300,000)
	3,586,296	698,776	2,515,508	(123,939)
Financing activities				
Payments made on lease liability (note 7)	(77,906)	(77,536)	(238,781)	(238,509)
Common shares repurchased (note 9)	(359,729)	(550,794)	(1,049,088)	(1,661,498)
Exercise of common share options (note 9)	-	-	43,238	710,459
	(437,635)	(628,330)	(1,244,631)	(1,189,548)
Effect of exchange rate changes on cash	(24,214)	14,749	137,450	13,493
Change in cash during the period	3,645,146	1,661,262	1,691,163	684,430
Cash – Beginning of period	5,767,420	3,938,613	7,721,403	4,915,445
Cash – End of period	9,412,566	5,599,875	9,412,566	5,599,875

The accompanying notes are an integral part of these interim consolidated financial statements.

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

1 Business operations

EcoSynthetix Inc. (EcoSynthetix or the Company) is engaged in the development and commercialization of environmentally friendly, bio-based technologies as replacement solutions for synthetic, petrochemical-based adhesives and other related products in the Americas, Europe, the Middle East and Africa (EMEA) and Asia Pacific. EcoSynthetix is incorporated and domiciled in Canada. The address of its registered office is 3365 Mainway, Burlington, Ontario, Canada.

The unaudited interim consolidated financial statements (interim financial statements) for the three and nine months ended September 30, 2025 were prepared 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 policies applied in these interim financial statements are based on International Financial Reporting Standards (IFRS) issued and in effect as at November 5, 2025, the date the Board of Directors approved the interim financial statements. The interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board, have been omitted or condensed. The preparation of interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, have been set out in note 2 to the Company's consolidated financial statements for the year ended December 31, 2024. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

2 Term deposits and net interest income

The Company has non-redeemable guaranteed investment certificates maturing between January 2026 and June 2026 at annual interest rates between 4.38% and 4.90%. All term deposits are held with two large chartered Canadian banks. The carrying value of all term deposits includes accrued interest and is recorded at amortized cost using the effective interest method.

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest earned on term deposits	272,092	408,296	893,830	1,205,516
Interest earned on cash deposits	74,787	40,932	187,386	125,272
Interest expense on lease liability	(8,271)	(6,082)	(13,702)	(21,724)
	338,608	443,146	1,067,514	1,309,064

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

3 Accounts receivable

	September 30, 2025 \$	December 31, 2024 \$
Trade accounts receivable	2,151,850	1,992,546
Commodity taxes receivable	234,779	262,771
Other receivables	-	70,052
	<u>2,386,629</u>	<u>2,325,369</u>

4 Inventory

	September 30, 2025 \$	December 31, 2024 \$
Raw materials	1,682,629	628,589
Finished goods	<u>2,386,753</u>	<u>2,200,159</u>
	<u>4,069,382</u>	<u>2,828,748</u>

The Company has a recorded provision of \$266,530 against finished goods and raw materials inventory as at September 30, 2025 (December 31, 2024 – \$106,332).

5 Property, plant and equipment

The composition of the net carrying amount of the Company's property, plant and equipment is presented in the following table:

	Machinery and equipment \$	Right-of- use asset \$	Computer hardware \$	Total \$
Cost				
December 31, 2024	15,595,313	1,766,413	20,479	17,382,205
Additions	594,029	2,258,365	11,681	2,864,075
Disposals	(7,966)	-	(20,479)	(28,445)
September 30, 2025	<u>16,181,376</u>	<u>4,024,778</u>	<u>11,681</u>	<u>20,217,835</u>
Accumulated depreciation				
December 31, 2024	(11,982,557)	(1,534,159)	(20,479)	(13,537,195)
Depreciation expense	(595,414)	(221,784)	(2,681)	(819,879)
Disposals	7,966	-	20,479	28,445
September 30, 2025	<u>(12,570,005)</u>	<u>(1,755,943)</u>	<u>(2,681)</u>	<u>(14,328,629)</u>
Net carrying amount				
December 31, 2024	<u>3,612,756</u>	<u>232,254</u>	<u>-</u>	<u>3,845,010</u>
September 30, 2025	<u>3,611,371</u>	<u>2,268,835</u>	<u>9,000</u>	<u>5,889,206</u>

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

For the three and nine months ended September 30, 2025, depreciation expense of \$251,149 and \$710,425 (2024 – \$184,104 and \$547,638) has been charged to cost of sales and \$14,376 and \$101,286 (2024 – \$85,841 and \$264,939) has been charged to research and development. For the nine months ended September 30, 2025, depreciation expense of \$24,654 was expensed from inventory (2024 – \$60,679 depreciation expense was expensed from inventory).

There was \$98,992 of property, plant and equipment additions included in trade accounts payable and accrued liabilities as at September 30, 2025 (December 31, 2024 – \$nil).

During the three months ended September 30, 2025, the Company signed a five-year lease extension for its facility located in Burlington, Ontario resulting in a right-of-use asset addition of \$2,258,365 (note 7).

6 Trade accounts payable and accrued liabilities

	September 30, 2025 \$	December 31, 2024 \$
Trade accounts payable	1,406,678	729,040
Short-term lease liability (note 7)	377,055	237,790
Accrued liabilities	1,015,315	972,001
	<u>2,799,048</u>	<u>1,938,831</u>

Included in accrued liabilities as at September 30, 2025 is accrued variable employee compensation of \$450,000 (December 31, 2024 – \$750,000). Variable employee compensation is accrued based on the Company's performance towards its annual corporate performance objectives.

7 Lease liability

The Company has one right-of-use asset under property, plant and equipment and a corresponding lease liability for the lease associated with the Company's facility located in Burlington, Ontario. During the three months ended September 30, 2025, the Company signed a five-year lease extension. The change in lease payments over the five-year extension resulted in an increase in lease liability by \$2,258,365. The lease liability is measured at amortized cost by discounting the lease payments over the remaining term of the lease at the Company's estimated incremental borrowing rate of 4.452%.

	September 30, 2025 \$	December 31, 2024 \$
Lease liability		
Short-term	377,055	237,790
Long-term	1,859,639	-
	<u>2,236,694</u>	<u>237,790</u>

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

For the three and nine months ended September 30, 2025, total cash payments of \$86,177 and \$252,483 (2024 – \$83,618 and \$260,233) were made on the lease liability. Cash payments for the three and nine months ended September 30, 2025 include interest expense of \$8,271 and \$13,702 (2024 – \$6,082 and \$21,724), which has been recognized in net interest income on the interim consolidated statements of operations and comprehensive income (loss), and principal payments of \$77,906 and \$238,781 (2024 – \$77,536 and \$238,509).

8 Share-based compensation

As at September 30, 2025, the Company had outstanding share options to purchase 2,310,489 shares of the Company. The share options expire at various dates through January 8, 2032.

	Number of share options outstanding	Weighted average exercise price CA\$
Outstanding – December 31, 2024	2,034,715	3.42
Share options granted	309,780	4.25
Share options exercised	(34,006)	1.84
Outstanding – September 30, 2025	2,310,489	3.55

9 Common shares

	Number of common shares	Share capital \$
Balance – December 31, 2024	58,520,219	489,246,909
Deferred share units exercised	366,823	694,631
Common share options exercised	34,006	66,373
Restricted share units exercised	29,592	125,967
Common shares repurchased	(345,635)	(1,049,088)
Balance – September 30, 2025	58,605,005	489,084,792

Share exchange

During the nine months ended September 30, 2025, the Company held a normal course issuer bid (the Bid) to repurchase a certain number of its outstanding common shares through the facilities of the Toronto Stock Exchange. During the three and nine months ended September 30, 2025, the Company repurchased and cancelled 118,035 and 345,635 (2024 – 178,300 and 504,500) common shares for total consideration of \$359,729 and \$1,049,088 (2024 – \$550,794 and \$1,661,498).

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

10 Segmented information and enterprise-wide disclosures

Segmented reporting

The Company operates in one reportable segment and generates revenue primarily from its biopolymer nanosphere technology platform.

Sales by geographic location

The Company is domiciled in Canada. Revenue from external customers located in Canada for the three and nine months ended September 30, 2025 was \$479,148 and \$1,278,635 (2024 – \$535,590 and \$1,407,488). The total revenue from external customers in the following regions was as follows:

	Three months ended September 30		Nine months ended September 30	
	2025 \$	2024 \$	2025 \$	2024 \$
Americas	2,213,067	1,486,992	4,902,124	3,931,918
EMEA	2,761,922	2,563,769	6,912,407	5,762,866
Asia Pacific	858,607	1,183,213	3,065,737	3,408,970
	5,833,596	5,233,974	14,880,268	13,103,754

The revenue has been assigned to each jurisdiction based on the location of the customer.

During the three months ended September 30, 2025, revenue attributable to individual countries reporting greater than 10% of total revenue included Brazil, Lithuania and Japan, which represented 22%, 22% and 15% respectively. During the three months ended September 30, 2024, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Lithuania and Germany, which represented 22%, 16% and 13% respectively.

During the nine months ended September 30, 2025, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Lithuania and Brazil, which represented 21%, 19% and 17% respectively. During the nine months ended September 30, 2024, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Lithuania, Germany and Canada, which represented 25%, 13%, 12% and 11% respectively.

Sales to major customers

During the three months ended September 30, 2025, the Company derived a significant portion of its revenue from three customers, representing 22%, 22% and 15% of total revenue (2024 – three customers, representing 22%, 16% and 11% of total revenue). During the nine months ended September 30, 2025, the Company derived a significant portion of its revenue from three customers, representing 21%, 19% and 17% of total revenue

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

September 30, 2025 and September 30, 2024

(expressed in US dollars)

(2024 – two customers, representing 25% and 13% of total revenue). The concentrations listed do not necessarily apply to the same customers period over period.

Property, plant and equipment

The Company's property, plant and equipment are reported at their net carrying amount and are located in the following countries:

	September 30, 2025 \$	December 31, 2024 \$
Canada	4,706,072	2,524,279
The Netherlands	1,183,134	1,320,731
	<u>5,889,206</u>	<u>3,845,010</u>

11 Expenses by nature

Additional information on the nature of amounts included in cost of sales and selling, general and administrative expenses is as follows:

	Three months ended September 30		Nine months ended September 30	
	2025 \$	2024 \$	2025 \$	2024 \$
Salaries and benefits	1,208,535	1,093,897	3,046,047	2,914,378
Share-based compensation	365,891	394,724	781,333	796,143
Depreciation	265,525	269,945	811,711	812,577
Foreign exchange loss (gain)	13,145	(48,825)	(95,474)	(40,419)

Foreign exchange gains and losses represent the revaluation of monetary assets and liabilities denominated in foreign currencies. The change in foreign exchange revaluation gains and losses is primarily due to foreign exchange rate fluctuations between the US dollar (the Company's functional currency) and foreign currencies and the related impact on the net monetary position in those respective currencies. The foreign exchange loss (gain) for the three and nine months ended September 30, 2025 primarily relates to monetary assets and liabilities denominated in Canadian dollars