

EcoSynthetix Inc.

Interim Consolidated Financial Statements
(Unaudited)

March 31, 2026

(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 interim consolidated 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 consolidated 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 Sheet
(Unaudited)

(expressed in US dollars)

	March 31, 2026	December 31, 2025
	\$	\$
Assets		
Current assets		
Cash	8,447,024	8,420,285
Term deposits (note 2)	21,328,552	21,161,145
Accounts receivable (note 3)	1,762,302	3,234,911
Inventory (note 4)	3,969,293	3,767,661
Prepaid expenses	245,388	204,272
	<u>35,752,559</u>	<u>36,788,274</u>
Property, plant and equipment (note 5)	<u>5,935,894</u>	<u>5,943,242</u>
Total assets	<u>41,688,453</u>	<u>42,731,516</u>
Liabilities		
Current liabilities		
Trade accounts payable and accrued liabilities (note 6)	1,738,102	2,355,358
Lease liability (note 7)	<u>1,655,995</u>	<u>1,786,798</u>
Total liabilities	<u>3,394,097</u>	<u>4,142,156</u>
Shareholders' Equity		
Common shares (note 9)	489,452,620	488,725,570
Contributed surplus	10,781,843	11,211,810
Accumulated deficit	<u>(461,940,107)</u>	<u>(461,348,020)</u>
Total shareholders' equity	<u>38,294,356</u>	<u>38,589,360</u>
Total liabilities and shareholders' equity	<u>41,688,453</u>	<u>42,731,516</u>

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

EcoSynthetix Inc.

Interim Consolidated Statement of Operations and Comprehensive Loss

(Unaudited)

For the three months ended March 31, 2026 and March 31, 2025

(expressed in US dollars)

	2026	2025
	\$	\$
Net sales (note 10)	3,774,439	4,042,161
Cost of sales (notes 5 and 11)	2,844,486	3,174,122
Gross profit on sales	<u>929,953</u>	<u>868,039</u>
Expenses (notes 5 and 11)		
Selling, general and administrative	1,595,747	1,459,547
Research and development	191,955	384,568
	<u>1,787,702</u>	<u>1,844,115</u>
Loss from operations	(857,749)	(976,076)
Net interest income (note 2)	<u>265,662</u>	<u>369,550</u>
Net loss and comprehensive loss for the period	<u>(592,087)</u>	<u>(606,526)</u>
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares outstanding	58,999,361	58,531,759

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

EcoSynthetix Inc.

Interim Consolidated Statement of Shareholders' Equity

(Unaudited)

For the three months ended March 31, 2026 and March 31, 2025

(expressed in US dollars)

	Common shares \$	Contributed surplus \$	Accumulated deficit \$	Total \$
Balance – January 1, 2025	489,246,909	11,013,304	(460,914,223)	39,345,990
Share-based compensation	-	204,662	-	204,662
Common share options exercised	66,373	(23,135)	-	43,238
Common shares repurchased	(333,842)	-	-	(333,842)
Restricted share units converted	125,967	(125,967)	-	-
Net loss and comprehensive loss for the period	-	-	(606,526)	(606,526)
Balance – March 31, 2025	489,105,407	11,068,864	(461,520,749)	38,653,522
Balance – January 1, 2026	488,725,570	11,211,810	(461,348,020)	38,589,360
Share-based compensation (note 8)	-	219,793	-	219,793
Common share options exercised (note 9)	1,000,021	(336,267)	-	663,754
Common shares repurchased (note 9)	(586,464)	-	-	(586,464)
Restricted share units converted	313,493	(313,493)	-	-
Net loss and comprehensive loss for the period	-	-	(592,087)	(592,087)
Balance – March 31, 2026	489,452,620	10,781,843	(461,940,107)	38,294,356

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

EcoSynthetix Inc.

Interim Consolidated Statement of Cash Flows

(Unaudited)

For the three months ended March 31, 2026 and March 31, 2025

(expressed in US dollars)

	2026 \$	2025 \$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the period	(592,087)	(606,526)
Items not affecting cash		
Depreciation (note 5)	296,888	270,403
Share-based compensation (note 8)	219,793	204,662
Other	17,413	(34,882)
Changes in non-cash working capital		
Accounts receivable (note 3)	1,472,609	(37,374)
Inventory (note 4)	(187,398)	(634,768)
Prepaid expenses	(41,116)	(12,783)
Trade accounts payable and accrued liabilities (note 6)	(680,464)	445,088
Interest on term deposits		
Interest received on term deposits	645,223	841,794
Accrued interest on term deposits (note 2)	(231,740)	(314,075)
	<u>919,121</u>	<u>121,539</u>
Investing activities		
Purchase of property, plant and equipment (note 5)	(239,247)	(23,165)
Receipts on matured term deposits (note 2)	17,352,274	16,550,000
Purchase of term deposits (note 2)	(17,933,164)	(17,280,000)
	<u>(820,137)</u>	<u>(753,165)</u>
Financing activities		
Principal payments made on lease liability (note 7)	(99,717)	(79,442)
Common shares repurchased (note 9)	(586,464)	(333,842)
Exercise of common share options (note 9)	663,754	43,238
	<u>(22,427)</u>	<u>(370,046)</u>
Effect of exchange rate changes on cash	<u>(49,818)</u>	<u>37,059</u>
Change in cash during the period	26,739	(964,613)
Cash – Beginning of period	<u>8,420,285</u>	<u>7,721,403</u>
Cash – End of period	<u>8,447,024</u>	<u>6,756,790</u>

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

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(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, 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-month period ended March 31, 2026 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, 2025. The policies applied in these interim financial statements are based on International Financial Reporting Standards (IFRS) issued and in effect as at May 4, 2026, 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 (IASB), 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, 2025. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025.

During the three-month period ended March 31, 2026, the Company evaluated the amendments to IFRS 7 and 9 regarding the recognition and derecognition of financial assets and financial liabilities settled through electronic transfers. The Company concluded that there is no impact of these amendments on the interim financial statements.

2 Term deposits

The Company has non-redeemable guaranteed investment certificates maturing between June 2026 and March 2027 at annual interest rates between 4.16% and 4.90%. All term deposits are held with two large chartered Canadian banks and are denominated in US dollars. The carrying value of all term deposits includes accrued interest and is recorded at amortized cost using the effective interest method.

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(expressed in US dollars)

The Company generates interest income on its term deposits and cash deposits and incurs interest expense on its lease liability.

	March 31, 2026	March 31, 2025
	\$	\$
Interest earned on term deposits	231,740	314,075
Interest earned on cash deposits	58,021	58,729
Interest expense on lease liability	(24,099)	(3,254)
	<hr/>	<hr/>
	265,662	369,550
	<hr/>	<hr/>

3 Accounts receivable

	March 31, 2026	December 31, 2025
	\$	\$
Trade accounts receivable	1,305,051	2,928,354
Commodity taxes receivable	241,795	295,056
Other receivables	215,456	11,501
	<hr/>	<hr/>
	1,762,302	3,234,911
	<hr/>	<hr/>

During the three months ended March 31, 2026, the Company recognized Scientific Research and Experimental Development credits in the amount of \$204,139 as Bill C-15 was passed into Canadian law in March of 2026. The amount is included in other receivables and as a reduction in research and development costs during the period.

4 Inventory

	March 31, 2026	December 31, 2025
	\$	\$
Raw materials	1,098,504	1,623,564
Finished goods	2,870,789	2,144,097
	<hr/>	<hr/>
	3,969,293	3,767,661
	<hr/>	<hr/>

The Company had a recorded provision of \$201,713 against finished goods and raw materials inventory as at March 31, 2026 (December 31, 2025 – \$223,561).

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(expressed in US dollars)

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, 2025	15,655,964	4,024,778	11,680	19,692,422
Additions	303,774	-	-	303,774
March 31, 2026	15,959,738	4,024,778	11,680	19,996,196
Accumulated depreciation				
December 31, 2025	(11,878,000)	(1,867,525)	(3,655)	(13,749,180)
Depreciation expense	(198,567)	(111,582)	(973)	(311,122)
March 31, 2026	(12,076,567)	(1,979,107)	(4,628)	(14,060,302)
Net carrying amount				
December 31, 2025	3,777,964	2,157,253	8,025	5,943,242
March 31, 2026	3,883,171	2,045,671	7,052	5,935,894

During the three months ended March 31, 2026, depreciation expense of \$225,941 (2025 – \$231,011) was charged to cost of goods sold, \$70,947 (2025 – \$39,392) was charged to research and development and depreciation expense of \$14,234 was capitalized to inventory (2025 – \$4,901 expensed from inventory).

There was \$188,945 of property, plant and equipment additions included in trade accounts payable and accrued liabilities as at March 31, 2026 (December 31, 2025 – \$124,418).

6 Trade accounts payable and accrued liabilities

	March 31, 2026 \$	December 31, 2025 \$
Trade accounts payable	1,049,256	770,341
Short-term lease liability	404,164	405,483
Accrued liabilities	284,682	1,179,534
	<u>1,738,102</u>	<u>2,355,358</u>

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(expressed in US dollars)

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 corporate headquarters located in Burlington, Ontario. The lease liability is measured at amortized cost by discounting the lease payments over the remaining term of the lease at the Company's incremental borrowing rate of 4.452%.

	March 31, 2026 \$	December 31, 2025 \$
Lease liability		
Short-term	404,164	405,483
Long-term	1,655,995	1,786,798
	<u>2,060,159</u>	<u>2,192,281</u>

For the three months ended March 31, 2026, total cash payments of \$123,816 (2025 – \$82,696) were made on the lease liability. Cash payments include interest expense of \$24,099 (2025 – \$3,254), which is recognized in net interest income on the interim consolidated statement of operations and comprehensive loss, and principal payments of \$99,717 (2025 – \$79,442).

8 Share-based compensation

As at March 31, 2026, the Company had outstanding share options (SOs) to purchase 2,123,845 common shares of the Company. The SOs expire at various dates through January 5, 2033.

	Number of share options outstanding	Weighted average exercise price CA\$
Outstanding – December 31, 2025	2,310,489	3.55
Share options granted	312,601	4.04
Share options exercised	<u>(499,245)</u>	<u>1.82</u>
Outstanding – March 31, 2026	<u>2,123,845</u>	<u>4.03</u>

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(expressed in US dollars)

9 Common shares

The authorized share capital of the Company consists of an unlimited number of common shares.

	Number of common shares	Share capital \$
Balance – December 31, 2025	58,487,172	488,725,570
Common share options exercised	499,245	1,000,021
Restricted share units converted	105,099	313,493
Common shares repurchased	(245,095)	(586,464)
	<hr/>	<hr/>
Balance – March 31, 2026	58,846,421	489,452,620

Share exchange

During the three months ended March 31, 2026, 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 TSX. During the three months ended March 31, 2026, the Company repurchased and cancelled 245,095 (2025 – 106,400) common shares for total consideration of \$586,464 (2025 – \$333,842).

10 Segmented information and enterprise wide disclosures

Operating segments

The Company operates in one operating 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 months ended March 31, 2026 was \$448,221 (2025 – \$410,845). The total revenue from external customers in the following regions is as follows:

	March 31, 2026 \$	March 31, 2025 \$
Americas	854,882	1,116,135
EMEA	2,246,672	1,800,142
Asia Pacific	672,885	1,125,884
	<hr/>	<hr/>
	3,774,439	4,042,161

EcoSynthetix Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

March 31, 2026 and March 31, 2025

(expressed in US dollars)

The revenue has been assigned to each jurisdiction, based on the location of the customer. During the three months ended March 31, 2026, revenue attributable to individual countries representing greater than 10% of total revenue included Lithuania, Japan, Canada, United States of America and Finland, which represented 23%, 18%, 12%, 11% and 11%, respectively.

During the three months ended March 31, 2025, revenue attributable to individual countries representing greater than 10% of total revenue included Japan, Lithuania and Brazil, which represented 28%, 19% and 12%, respectively.

Sales to major customers

During the three months ended March 31, 2026, the Company derived a significant portion of its revenue from three customers, representing 23%, 18% and 11%, respectively, of total revenue (2025 – 28%, 19% and 12% from three customers). The concentrations listed do not necessarily apply to the same customer year over year.

Property, plant and equipment

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

	March 31, 2026 \$	December 31, 2025 \$
Canada	4,700,567	4,760,494
The Netherlands	1,235,327	1,182,748
	<hr/>	<hr/>
	5,935,894	5,943,242

11 Expenses by nature

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

	March 31, 2026 \$	March 31, 2025 \$
Salaries and benefits	962,178	904,260
Share-based compensation	219,793	204,662
Depreciation	296,888	270,403
Foreign exchange loss (gain)	11,659	(15,990)
Government assistance	(204,139)	-