EcoSynthetix Inc.

Interim Consolidated Financial Statements
(Unaudited)
June 30, 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 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 Sheets
(Unaudited)

(expressed in US dollars)

	June 30, 2026 $	December 31, 2025 $
Assets		
Current assets		
Cash	7,546,288	8,420,285
Term deposits (note 2)	21,556,354	21,161,145
Accounts receivable (note 3)	2,467,354	3,234,911
Inventory (note 4)	3,225,358	3,767,661
Prepaid expenses	290,769	204,272
	35,086,123	36,788,274
Property, plant and equipment (note 5)	5,901,555	5,943,242
Total assets	40,987,678	42,731,516
Liabilities		
Current liabilities		
Trade accounts payable and accrued liabilities (note 6)	1,515,376	2,355,358
Lease liability (note 7)	1,520,276	1,786,798
Total liabilities	3,035,652	4,142,156
Shareholders' Equity		
Common shares (note 9)	489,305,417	488,725,570
Contributed surplus	11,017,086	11,211,810
Accumulated deficit	(462,370,477)	(461,348,020)
Total shareholders' equity	37,952,026	38,589,360
Total liabilities and shareholders' equity	40,987,678	42,731,516

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 six months ended June 30, 2026 and June 30, 2025

(expressed in US dollars)

	Three months ended June 30		Six months ended June 30	
	2026 $	**2025 $**	**2026 $**	**2025 $**
Net sales (note 10)	4,540,723	5,004,511	8,315,162	9,046,672
Cost of sales (notes 5 and 11)	3,243,774	3,581,675	6,088,260	6,755,797
Gross profit on sales	1,296,949	1,422,836	2,226,902	2,290,875
Expenses (notes 5 and 11)				
Selling, general and administrative	1,662,424	1,242,610	3,258,171	2,702,157
Research and development	336,741	428,578	528,696	813,146
	1,999,165	1,671,188	3,786,867	3,515,303
Loss from operations	(702,216)	(248,352)	(1,559,965)	(1,224,428)
Net interest income (note 2)	271,846	359,356	537,508	728,906
Net (loss) income and comprehensive (loss) income for the period	(430,370)	111,004	(1,022,457)	(495,522)
Basic and diluted (loss) income per common share	(0.01)	-	(0.02)	(0.01)
Weighted average number of common shares outstanding	58,820,064	58,576,242	58,909,217	58,554,124

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

EcoSynthetix Inc.

Interim Consolidated Statements of Shareholders' Equity

(Unaudited)

For the six months ended June 30, 2026 and June 30, 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 (note 8)	-	415,442	-	415,442
Common share options exercised (note 9)	66,373	(23,135)	-	43,238
Common shares repurchased (note 9)	(689,359)	-	-	(689,359)
Restricted share units (RSU) exercised (note 9)	125,967	(125,967)	-	-
Deferred share units (DSUs) exercised (note 9)	694,631	(694,631)	-	-
Net loss and comprehensive loss for the period	-	-	(495,522)	(495,522)
Balance – June 30, 2025	489,444,521	10,585,013	(461,409,745)	38,619,789
Balance – January 1, 2026	488,725,570	11,211,810	(461,348,020)	38,589,360
Share-based compensation (note 8)	-	455,036	-	455,036
Common share options exercised (note 9)	1,000,021	(336,267)	-	663,754
Common shares repurchased (note 9)	(733,667)	-	-	(733,667)
Restricted share units (RSU) exercised (note 9)	313,493	(313,493)	-	-
Net loss and comprehensive loss for the period	-	-	(1,022,457)	(1,022,457)
Balance – June 30, 2026	489,305,417	11,017,086	(462,370,477)	37,952,026

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 six months ended June 30, 2026 and June 30, 2025

(expressed in US dollars)

	Three months ended June 30		Six months ended June 30	
	2026 $	2025 $	2026 $	2025 $
Cash provided by (used in)				
Operating activities				
Net (loss) income and comprehensive (loss) income for the period	(430,370)	111,004	(1,022,457)	(495,522)
Items not affecting cash				
Depreciation (note 5)	312,447	275,783	609,335	546,186
Share-based compensation (note 8)	235,243	210,780	455,036	415,442
Other	47,392	(117,945)	64,805	(152,827)
Changes in non-cash working capital				
Accounts receivable (note 3)	(705,052)	(226,351)	767,557	(263,725)
Inventory (note 4)	760,206	182,361	572,808	(452,407)
Prepaid expenses	(45,381)	(102,692)	(86,497)	(115,475)
Trade accounts payable and accrued liabilities (note 6)	(67,426)	(584,734)	(747,890)	(139,646)
Interest on term deposits				
Interest received on term deposits	155,600	200,055	800,823	1,041,849
Accrued interest on term deposits (note 2)	(227,802)	(307,663)	(459,542)	(621,738)
	34,857	(359,402)	953,978	(237,863)
Investing activities				
Purchase of property, plant and equipment (note 5)	(447,245)	(142,123)	(686,492)	(165,288)
Receipts on mature term deposits (note 2)	3,175,500	3,000,000	20,527,774	19,550,000
Purchase of term deposits (note 2)	(3,331,100)	(3,175,500)	(21,264,264)	(20,455,500)
	(602,845)	(317,623)	(1,422,982)	(1,070,788)
Financing activities				
Payments made on lease liability (note 7)	(100,904)	(81,433)	(200,621)	(160,875)
Common shares repurchased (note 9)	(147,203)	(355,517)	(733,667)	(689,359)
Exercise of common share options (note 9)	-	-	663,754	43,238
	(248,107)	(436,950)	(270,534)	(806,996)
Effect of exchange rate changes on cash	(84,641)	124,605	(134,459)	161,664
Change in cash during the period	(900,736)	(989,370)	(873,997)	(1,953,983)
Cash – Beginning of period	8,447,024	6,756,790	8,420,285	7,721,403
Cash – End of period	7,546,288	5,767,420	7,546,288	5,767,420

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

(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 six months ended June 30, 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 July 28, 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, 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 interim consolidated financial statements, have been set out in note 2 to the Company's interim 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.

2 Term deposits and net interest income

The Company has non-redeemable guaranteed investment certificates maturing between September 2026 and June 2027 at annual interest rates between 4.16% and 4.57%. 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 June 30		Six months ended June 30	
	2026 **$**	**2025** **$**	**2026** **$**	**2025** **$**
Interest earned on term deposits	227,802	307,663	459,542	621,738
Interest earned on cash deposits	66,804	53,870	124,825	112,599
Interest expense on lease liability	(22,760)	(2,177)	(46,859)	(5,431)
	271,846	359,356	537,508	728,906

(expressed in US dollars)

3 Accounts receivable

	June 30, 2026 $	December 31, 2025 $
Trade accounts receivable	2,007,081	2,928,354
Commodity taxes receivable	213,949	295,056
Other receivables	246,324	11,501
	2,467,354	3,234,911

During the three and six months ended June 30, 2026, the Company recognized Scientific Research and Experimental Development credits in the amount of $36,255 and $240,394 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

	June 30, 2026 $	December 31, 2025 $
Raw materials	1,031,745	1,623,564
Finished goods	2,193,613	2,144,097
	3,225,358	3,767,661

The Company had a recorded provision of $199,319 against finished goods and raw materials inventory as at June 30, 2026 (December 31, 2025 – $223,561).

(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	599,204	-	-	599,204
Disposals	(28,939)	-	-	(28,939)
June 30, 2026	16,226,229	4,024,778	11,680	20,262,687
Accumulated depreciation				
December 31, 2025	(11,878,000)	(1,867,525)	(3,655)	(13,749,180)
Depreciation expense	(414,729)	(223,164)	(1,947)	(639,840)
Disposals	27,888	-	-	27,888
June 30, 2026	(12,264,841)	(2,090,689)	(5,602)	(14,361,132)
Net carrying amount				
December 31, 2025	3,777,964	2,157,253	8,025	5,943,242
June 30, 2026	3,961,388	1,934,089	6,078	5,901,555

For the three and six months ended June 30, 2026, depreciation expense of $248,277 and $474,218 (2025 – $228,265 and $459,276) has been charged to cost of sales and $64,170 and $135,117 (2025 – $47,518 and $86,910) has been charged to research and development. For the six months ended June 30, 2026, depreciation expense of $30,505 was capitalized into inventory (2025 – $5,164 depreciation expense was expensed from inventory).

During the three months ended June 30, 2026, the Company disposed of machinery and equipment. The disposed assets had a carrying value of $1,051. There were no proceeds received on disposal and the corresponding loss on disposal was recorded in the interim consolidated statements of operations and comprehensive (loss) income.

There was $37,130 of property, plant and equipment additions included in trade accounts payable and accrued liabilities as at June 30, 2026 (December 31, 2025 – $124,418).

(expressed in US dollars)

6 Trade accounts payable and accrued liabilities

	June 30, 2026 $	December 31, 2025 $
Trade accounts payable	636,552	770,341
Short-term lease liability (note 7)	400,677	405,483
Accrued liabilities	478,147	1,179,534
	1,515,376	2,355,358

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 estimated incremental borrowing rate of 4.452%.

	June 30, 2026 $	December 31, 2025 $
Lease liability		
Short-term	400,677	405,483
Long-term	1,520,276	1,786,798
	1,920,953	2,192,281

For the three and six months ended June 30, 2026, total cash payments of $123,664 and $247,480 (2025 – $83,610 and $166,306) were made on the lease liability. Cash payments for the three and six months ended June 30, 2026 include interest expense of $22,760 and $46,859 (2025 – $2,177 and $5,431), which has been recognized in net interest income on the interim consolidated statements of operations and comprehensive (loss) income, and principal payments of $100,904 and $200,621 (2025 – $81,433 and $160,875).

(expressed in US dollars)

8 Share-based compensation

As at June 30, 2026, the Company had outstanding share options to purchase 2,133,845 shares of the Company. The share options 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	322,601	3.26
Share options exercised	(499,245)	1.82
Outstanding – June 30, 2026	2,133,845	4.03

9 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 exercised	105,099	313,493
Common shares repurchased	(306,595)	(733,667)
Balance – June 30, 2026	58,784,921	489,305,417

Share exchange

During the six months ended June 30, 2026, the Company held a normal course issuer bid to repurchase a certain number of its outstanding common shares through the facilities of the Toronto Stock Exchange. During the three and six months ended June 30, 2026, the Company repurchased and cancelled 61,500 and 306,595 (2025 – 121,200 and 227,600) common shares for a total consideration of $147,203 and $733,667 (2025 – $355,517 and $689,359).

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.

(expressed in US dollars)

Sales by geographic location

The Company is domiciled in Canada. Revenue from external customers located in Canada for the three and six months ended June 30, 2026 was $422,796 and $871,017 (2025 – $388,642 and $799,487). The total revenue from external customers in the following regions was as follows:

	Three months ended June 30		Six months ended June 30	
	2026 $	2025 $	2026 $	2025 $
Americas	936,866	1,572,921	1,791,748	2,689,056
EMEA	1,942,126	2,350,344	4,188,798	4,150,486
Asia Pacific	1,661,731	1,081,246	2,334,616	2,207,130
	4,540,723	5,004,511	8,315,162	9,046,672

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

During the three months ended June 30, 2026, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan and United States, which represented 37% and 11% respectively. During the three months ended June 30, 2025, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Brazil, Lithuania and Germany, which represented 22%, 15%, 14% and 13%, respectively.

During the six months ended June 30, 2026, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Lithuania and United States, which represented 28%, 13% and 11%, respectively. During the six months ended June 30, 2025, revenue attributable to individual countries reporting greater than 10% of total revenue included Japan, Lithuania, Brazil and Germany, which represented 24%, 16%, 14% and 11%, respectively.

Sales to major customers

During the three months ended June 30, 2026, the Company derived a significant portion of its revenue from one customer representing 37% of total revenue (2025 – 22%, 15% and 14% from three customers). During the six months ended June 30, 2026, the Company derived a significant portion of its revenue from two customers, representing 28% and 13% of total revenue (2025 – 24%, 16% and 14% from three customers). The concentrations listed do not necessarily apply to the same customers period over period.

(expressed in US dollars)

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:

	June 30, 2026 $	December 31, 2025 $
Canada	4,723,197	4,760,494
The Netherlands	1,178,358	1,182,748
	5,901,555	5,943,242

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 June 30		Six months ended June 30	
	2026 $	2025 $	2026 $	2025 $
Salaries and benefits	975,895	933,252	1,938,073	1,837,512
Share-based compensation	235,243	210,780	455,036	415,442
Depreciation	312,447	275,783	609,335	546,186
Foreign exchange (gain) loss	83,608	(92,629)	95,268	(108,619)
Government assistance	(36,255)	-	(240,394)	-

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 (gain) loss for the three and six months ended June 30, 2026 primarily relates to monetary assets and liabilities denominated in Canadian dollars.