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

The following management's discussion and analysis ("**MD&A**") dated July 28, 2026, 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, 2025. 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, 2025.

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 17, 2026.

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 2026. 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; changes in government regulations and policies relating to our business; agricultural risks that could impact crop yields and bio-based materials; 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 inability to effectively expand our production facilities; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; increase in industry competition; a significant decrease in the market price of petroleum related feedstocks; inflationary pressures that may affect labor, raw materials, energy, agricultural commodities and other input costs; fluctuations in energy costs used to run production facilities; 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; company growth and the impact of significant operating and capital cost increases; insufficient product liability insurance; 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 cyber-security; artificial intelligence and emerging technology; 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; 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 17, 2026. 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 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 other input and production 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 excluding the impact of refundable Scientific Research and Experimental Development (SR&ED) credits. 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, 2026, and 2025:

	Three months ended		**Change**	
	June 30, 2026	**June 30, 2025**	**$**	**%**
Net sales	4,540,723	5,004,511	(463,788)	-9%
Gross profit	1,296,949	1,422,836	(125,887)	-9%
Loss from operations	(702,216)	(248,352)	(453,864)	183%
Net (loss) income	(430,370)	111,004	(541,374)	-488%
Weighted average number of shares outstanding	58,820,064	58,576,242	243,822	0%
Basic and diluted (loss) income per share	(0.01)	0.00	(0.01)	-486%
Adjusted EBITDA[1] (loss)	(154,526)	238,211	(392,737)	-165%

	Six months ended		**Change**	
	June 30, 2026	**June 30, 2025**	**$**	**%**
Net sales	8,315,162	9,046,672	(731,510)	-8%
Gross profit	2,226,902	2,290,875	(63,973)	-3%
Loss from operations	(1,559,965)	(1,224,428)	(335,537)	27%
Net loss	(1,022,457)	(495,522)	(526,935)	106%
Weighted average number of shares outstanding	58,909,217	58,554,124	355,093	1%
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	105%
Adjusted EBITDA[1] (loss)	(495,594)	(262,800)	(232,794)	89%

[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, 2026, were $4.5 million, compared to $5.0 million in the prior-year period, a decrease of $0.5 million, or 9%. The decline was due to lower sales volumes resulting from challenging macroeconomic conditions in end markets. The lower sales volumes in key end markets reflect temporary market conditions. In wood composites, the key strategic account is prioritizing manufacturing efficiency during a period of softer end-market demand. In pulp, the unusually narrow price spread between hardwood and softwood pulp has reduced the economic incentive for premium products despite high trial success rates.

For the six months ended June 30, 2026, net sales were $8.3 million, compared to $9.0 million in the prior-year period, a decrease of $0.7 million, or 8%. The decline was primarily due to lower sales volumes resulting from challenging macroeconomic conditions in end markets referenced above, partially offset by a higher average selling price driven by foreign exchange fluctuations and product mix.

Gross profit – Gross profit for the three months ended June 30, 2026, was $1.3 million compared to $1.4 million in the prior-year period, a decrease of $0.1 million, or 9%. The decrease was primarily due to lower volumes. Gross profit for the six months ended June 30, 2026, was comparable as lower volumes and higher manufacturing costs was offset by a higher average selling price.

Gross profit as a percentage of sales for the three and six months ended June 30, 2026, was 28.6% and 26.8%, respectively, compared to 28.4% and 25.3% in the prior-year periods. Adjusted for manufacturing depreciation, gross profit was 34.0% and 32.5%, compared to 33.0% and 30.4%, respectively, in the prior-year periods. The improvement in the three-month period was driven by lower manufacturing costs, while the increase in the six-month period reflected higher average selling prices partially offset by higher manufacturing costs.

Operating Expenses

The following table sets forth the breakdown of our operating expenses by category during the three and six months ended June 30, 2026, and 2025:

	Three months ended		**Change**	
	June 30, 2026	**June 30, 2025**	**$**	**%**
Selling, general and administrative	1,662,424	1,242,610	419,814	34%
Research and development	336,741	428,578	(91,837)	-21%
Total operating expenses	1,999,165	1,671,188	327,977	20%

	Six months ended		**Change**	
	June 30, 2026	**June 30, 2025**	**$**	**%**
Selling, general and administrative	3,258,171	2,702,157	556,014	21%
Research and development	528,696	813,146	(284,450)	-35%
Total operating expenses	3,786,867	3,515,303	271,564	8%

Selling, general and administrative (SG&A) – SG&A expenses for the three months ended June 30, 2026, were $1.7 million compared to $1.2 million in the prior-year period, an increase of $0.4 million, or 34%. The increase was primarily due to a change in foreign exchange gains and losses of $0.2 million, higher salaries and benefits of $0.1 million and increased repairs and maintenance of $0.1 million.

For the six months ended June 30, 2026, SG&A expenses were $3.3 million, compared to $2.7 million in the prior-year period, an increase of $0.6 million, or 21%. The increase was primarily due to a change in foreign exchange gains and losses of $0.2 million, higher salaries and benefits of $0.2 million and other miscellaneous cost increases.

Research and development (R&D) – R&D expenses for the three and six months ended June 30, 2026, were $0.3 million and $0.5 million, respectively, compared to $0.4 million and $0.8 million in the prior-year periods. The decrease in both periods was primarily attributable to refundable SR&ED tax credits. R&D expenses as a percentage of sales were 7% and 6%, respectively, compared to 9% in both prior-year periods. The Company's R&D efforts remain focused on enhancing the value of existing products and expanding its addressable market opportunities.

Loss from operations – Loss from operations for the three and six months ended June 30, 2026, was $0.7 million and $1.6 million, respectively, compared to $0.2 million and $1.2 million in the prior-year periods. The higher operating loss in both periods was primarily due to lower gross profit, driven by lower sales volumes, and higher operating expenses.

Net loss – Net loss for the three months ended June 30, 2026, was $0.4 million, or $0.01 per common share, compared to net income of $0.1 million, or $0.01 per common share, in the prior-year period. The change of $0.5 million was primarily due to a $0.4 million increase in loss from operations and $0.1 million lower interest income. For the six months ended June 30, 2026, net loss was $1.0 million, or $0.02 per common share, compared to $0.5 million, or $0.01 per common share, in the prior-year period. The $0.5 million increase in net loss was primarily attributable to a $0.3 million increase in loss from operations and $0.2 million lower interest income. Lower interest income in both periods reflected declining interest rates compared to the prior year.

Financial Condition

Current assets

	June 30 2026	December 31 2025	Change $	%
Cash	7,546,288	8,420,285	(873,997)	-10%
Term deposits	21,556,354	21,161,145	395,209	2%
Accounts receivable	2,467,354	3,234,911	(767,557)	-24%
Inventory	3,225,358	3,767,661	(542,303)	-14%
Prepaid expenses	290,769	204,272	86,497	42%
Total current assets	35,086,123	36,788,274	(1,702,151)	-5%

Total current assets – Total current assets as of June 30, 2026, were $35.1 million, compared to $36.8 million as of December 31, 2025, a decrease of $1.7 million, or 5%. Cash decreased due to cash used in investing and financing activities, partially offset by cash generated from operations. Term deposits increased by $0.4 million, primarily reflecting new purchases, net of maturities, partially offset by lower accrued interest. Accounts receivable decreased by $0.8 million due to the timing of customer receipts and lower order volumes. Inventory decreased by $0.5 million, primarily due to lower raw materials on hand at period end.

Total assets and liabilities

	June 30 2026	December 31 2025	Change $	%
Total assets	40,987,678	42,731,516	(1,743,838)	-4%
Total liabilities	3,035,652	4,142,156	(1,106,504)	-27%

Total assets – Total assets as of June 30, 2026, were $41.0 million compared to $42.7 million as of December 31, 2025, representing a decrease of $1.7 million, or 4%. The decrease was primarily due to lower total current assets. During the period, $0.6 million in PP&E additions relating to machinery and equipment were offset by $0.6 million in depreciation.

Total liabilities – Total liabilities as of June 30, 2026, were $3.0 million compared to $4.1 million as of December 31, 2025, representing a decrease of $1.1 million, or 27%. The decrease is primarily due to lower accrued liabilities when compared to December 31, 2025.

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, 2026, and 2025:

	Three months ended		Change	
	June 30, 2026	June 30, 2025	$	%
Cash provided by (used in) operating activities	34,857	(359,402)	394,259	-110%
Cash (used in) investing activities	(602,845)	(317,623)	(285,222)	90%
Cash (used in) financing activities	(248,107)	(436,950)	188,843	-43%
Effect of exchange rate changes on cash	(84,641)	124,605	(209,246)	-168%
Change in cash	(900,736)	(989,370)	88,634	-9%
Beginning cash	8,447,024	6,756,790	1,690,234	25%
Ending cash	**7,546,288**	**5,767,420**	**1,778,868**	**31%**

	Six months ended		Change	
	June 30, 2026	June 30, 2025	$	%
Cash provided by (used in) operating activities	953,978	(237,863)	1,191,841	-501%
Cash (used in) provided by investing activities	(1,422,982)	(1,070,788)	(352,194)	33%
Cash (used in) financing activities	(270,534)	(806,996)	536,462	-66%
Effect of exchange rate changes on cash	(134,459)	161,664	(296,123)	-183%
Change in cash	(873,997)	(1,953,983)	1,079,986	-55%
Beginning cash	8,420,285	7,721,403	698,882	9%
Ending cash	**7,546,288**	**5,767,420**	**1,778,868**	**31%**

Cash provided by (used in) operating activities – Cash provided by operating activities during the three months ended June 30, 2026, was nominal, compared to cash used in operating activities of $0.4 million in the prior-year period. In the current quarter, changes in working capital were largely offset by net loss, adjusted for non-cash items. In the prior quarter, cash used in operating activities primarily reflected $0.7 million of working capital outflows, partially offset by $0.2 million of net income, adjusted for non-cash items and accrued interest on term deposits.

For the six months ended June 30, 2026, cash provided by operating activities was $1.0 million, compared to cash used in operating activities of $0.2 million in the prior-year period. Cash provided by operating activities in the current-year period primarily reflected $0.8 million of interest received on term deposits and $0.5 million generated from working capital, partially offset by $0.3 million of net loss, adjusted for non-cash items, and $0.3 million of accrued interest on term deposits. In the prior-year period, cash used in operating activities primarily reflected $1.0 million of working capital outflows and $0.3 million of net loss, adjusted for non-cash items and accrued interest on term deposits, partially offset by $1.0 million of interest received on term deposits.

Cash (used in) investing activities – Cash used in investing activities for the three months ended June 30, 2026, was $0.6 million, consisting of $0.4 million in purchases of property, plant and equipment (PP&E), primarily machinery and equipment, and $0.2 million in net term deposit purchases. In the prior-year period, cash used in investing activities was $0.3 million, consisting of $0.2 million in net term deposit purchases and $0.1 million in PP&E purchases of machinery and equipment.

For the six months ended June 30, 2026, cash used in investing activities was $1.4 million, consisting of $0.7 million in net term deposit purchases and $0.7 million in PP&E purchases, primarily machinery and equipment. In the prior-year period, cash used in investing activities was $1.1 million, consisting of $0.9 million in net term deposit purchases and $0.2 million in PP&E purchases.

Cash (used in) financing activities – Cash used in financing activities for the three months ended June 30, 2026, and 2025 primarily related to purchases of common shares under the normal course issuer bid (NCIB) and payments on the Company's lease liabilities.

For the six months ended June 30, 2026, cash used in financing activities was $0.3 million, reflecting $0.7 million used to repurchase common shares under the NCIB and $0.2 million of lease liability payments, partially offset by $0.7 million of proceeds from the exercise of stock options. In the prior-year period, cash used in financing activities was $0.8 million, reflecting $0.7 million used to repurchase common shares under the NCIB and $0.2 million of lease liability payments.

Effect of exchange rate changes on cash – The effect of exchange rate changes on cash was primarily attributable 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, 2026:

I. The Company is committed to purchasing $0.4 million of raw materials and other costs associated with production and $0.3 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, 2026. 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, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Net sales	4,540,723	3,774,439	5,916,822	5,833,596	5,004,511	4,042,161	5,432,916	5,233,974
Gross profit	1,296,949	929,953	2,003,569	1,741,483	1,422,836	868,039	1,571,481	1,742,453
Loss from operations	(702,216)	(857,749)	(140,102)	(429,636)	(248,352)	(976,076)	(622,261)	(299,955)
Net (loss) income	(430,370)	(592,087)	152,753	(91,028)	111,004	(606,526)	(206,884)	143,191
Weighted average number of shares	58,820,064	58,999,361	58,546,276	58,672,511	58,576,242	58,531,759	58,593,194	58,758,013
Basic and diluted (loss) income per share	(0.01)	(0.01)	0.00	(0.00)	0.00	(0.01)	(0.00)	0.00
Adjusted EBITDA [1] (loss)	(154,526)	(341,068)	477,909	201,780	238,211	(501,011)	92,341	364,714

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

	Three months ended							
	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Net (loss) income	(430,370)	(592,087)	152,753	(91,028)	111,004	(606,526)	(206,884)	143,191
Depreciation	312,447	296,888	357,105	265,525	275,783	270,403	352,162	269,945
Share-based compensation	235,243	219,793	260,906	365,891	210,780	204,662	362,440	394,724
Net interest income	(271,846)	(265,662)	(292,855)	(338,608)	(359,356)	(369,550)	(415,377)	(443,146)
Adjusted EBITDA[(1)] (loss)	(154,526)	(341,068)	477,909	201,780	238,211	(501,011)	92,341	364,714

Notes:

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

Adjusted EBITDA (loss)

The following table reconciles net loss to Adjusted EBITDA (loss) for the three and six months ended June 30, 2026, and 2025.

	Three months ended		Change	
	June 30, 2026	June 30, 2025	$	%
Net loss	(430,370)	111,004	(541,374)	-488%
Depreciation	312,447	275,783	36,664	13%
Share-based compensation	235,243	210,780	24,463	12%
Net interest income	(271,846)	(359,356)	87,510	-24%
Adjusted EBITDA[(1)] (loss)	(154,526)	238,211	(392,737)	-165%

	Six months ended		Change	
	June 30, 2026	June 30, 2025	$	%
Net loss	(1,022,457)	(495,522)	(526,935)	106%
Depreciation	609,335	546,186	63,149	12%
Share-based compensation	455,036	415,442	39,594	10%
Net interest income	(537,508)	(728,906)	191,398	-26%
Adjusted EBITDA[(1)] (loss)	(495,594)	(262,800)	(232,794)	89%

Notes:

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

Adjusted EBITDA loss for the three months ended June 30, 2026, was $0.2 million compared to Adjusted EBITDA of $0.2 million in the prior year representing a decrease in Adjusted EBITDA of $0.4 million. Adjusted EBITDA loss for the six months ended June 30, 2026, was $0.5 million compared to $0.3 million in the prior year representing an increase in Adjusted EBITDA loss of $0.2 million. The changes during both comparative periods are primarily attributable to lower gross profit and higher 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, 2026, 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 28, 2026, the Company had **58,784,921** 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 **62,128,404** common shares issued and outstanding on a fully diluted basis.

Outlook

Our proprietary biopolymers address large global end markets, including wood composites, pulp, tissue, paperboard, and personal care. In recent years, we have significantly diversified our revenue base beyond our legacy coated paper business, establishing meaningful commercial positions across these higher-growth markets. While growth in these target markets has helped offset continued structural declines in coated paper demand, adoption remains in the early stages as customers transition from conventional petroleum-based chemistries that have been used in industrial manufacturing processes for decades. At the same time, disciplined cost management has enabled us to maintain a strong balance sheet and position the Company to deliver increasing operating leverage as revenues grow.

We have established commercial relationships with leading global manufacturers across our key end markets, including wood composites, pulp, tissue, and personal care. These relationships have been developed over multiple years of technical collaboration and commercial execution and provide a strong foundation for expanding adoption of our sustainable biopolymer technologies.

Our commercial strategy focuses on:
(i) increasing adoption within existing customers;
(ii) expanding into additional manufacturing lines and facilities of strategic customers; and
(iii) securing new customers across our target end markets.

To drive sustainable growth and profitability, we remain focused on the following strategic priorities:

1. Diversify growth across attractive end markets

We continue to expand the adoption of our sustainable biopolymers across wood composites, pulp, tissue, paperboard, and personal care. These markets represent our primary long-term growth opportunities. While graphic paper is no longer a significant growth driver, it demonstrated our ability to deliver performance and cost benefits at commercial scale and established important customer relationships that continue to support expansion into adjacent paper-based markets.

2. Accelerate SurfLock growth in pulp, tissue, and paperboard

SurfLock has been commercially adopted by a global 10 market pulp producer and multiple leading tissue manufacturers, demonstrating its ability to deliver compelling performance, sustainability, and economic benefits. We continue to expand commercial adoption through direct customer engagement, regional distribution partners, and a growing pipeline of trials and commercialization opportunities across the pulp, tissue, and paperboard markets. We believe SurfLock represents one of the Company's largest long-term growth opportunities.

3. Expand Durabind adoption in wood composites

Durabind is commercially used by a strategic global wood composite manufacturer within one of the world's largest furniture retail groups and by a top-10 global wood composite manufacturer. We continue to pursue commercial expansion within these manufacturers while advancing opportunities with other wood composite manufacturers. We believe Durabind is well positioned to capture share of the approximately $15 billion global wood composite binder market through its lower carbon footprint, improved indoor air quality, and deliver comparable performance.

4. Grow Bioform in personal care through Dow

Dow maintains an exclusive agreement to commercialize Bioform technology within the personal care market under its Dow MaizeCare™ portfolio. These biodegradable, bio-based polymers target applications including hair styling, skin care, and colour cosmetics, providing exposure to attractive specialty ingredient markets through a global commercial partner.

5. Advance innovation and new product development

Our innovation strategy focuses on expanding applications for our EcoSphere®, Durabind®, SurfLock™, and Bioform™ technology platforms while continuing to improve product performance, sustainability, and cost competitiveness. We also develop new biopolymer solutions for targeted applications where customer demand and commercial engagement support attractive long-term growth opportunities.

We believe our diversified growth platforms, expanding commercial relationships, scalable manufacturing capabilities, and strong balance sheet provide a solid foundation for sustainable long-term growth. As commercial adoption of our technologies continues to expand, we expect increasing operating leverage to support improved profitability and long-term shareholder value.

A more detailed discussion on our strategy is provided in our 2025 Annual Information Form dated February 17, 2026, which is available for download on *www.sedarplus.ca*.