EcoSynthetix Reports 2025 First Quarter Results

Burlington, Ontario, May 8, 2025 – EcoSynthetix Inc. **(TSX: ECO) ("EcoSynthetix" or the "Company")**, a renewable chemicals company that produces a portfolio of commercially proven bio-based products, today announced its financial and operational results for the three months (Q1 2025) ended March 31, 2025. Financial references are in U.S. dollars unless otherwise indicated.

Highlights

(Comparison periods in each case are the three months ended March 31, 2024)

- Recorded net sales of $4.0 million, down 14%, primarily due to an inventory buildup by a distributor in the prior period and an uncertain macro environment.
- Recorded an Adjusted EBITDA[1] loss of $0.5 million, relatively unchanged from the prior period.
- Won a new commercial line using the Company's SurfLock™ strength aids with a leading international pulp manufacturer.
- Won a new commercial tissue line at an existing customer, the first to originally implement SurfLock™ strength aids who are now using SurfLock™ broadly across their network, demonstrating its value in the tissue, paperboard and pulp end market
- Purchased and cancelled 106,400 common shares in Q1 2025, under the normal course issuer bid for total consideration of $0.3 million.
- Maintained a strong balance sheet with cash and term deposits of $31.4 million as at March 31, 2025.

"The team continues to execute on our commercial strategy in the key end markets of tissue, pulp, and paperboard, wood composites, and personal care. However, demand during the quarter was supressed on a sequential basis across each of these end markets due to an uncertain macro environment," said Jeff MacDonald, CEO of EcoSynthetix. "Our proprietary bio-polymers address large markets with attractive long-term growth profiles. Our number one priority is to grow with the key strategic accounts and partner that we are commercial with today. These accounts have continued with steady, strong orders and important strategic steps that show their commitment and conviction to take a long-term perspective and look through the choppier short-term dynamics of today. The pulp and wood composites end markets have the potential to use significantly higher volumes of our bio-polymers over time. All-natural ingredients continue to be a growth focus for personal care manufacturers. Industrial change away from conventional chemistries that have been used for decades is hard. We've proven the value, performance and sustainability benefits our platform offers to these key accounts and partner. They are highly engaged and supportive of industrial change within their organizations and supply chains. With a strong balance sheet and disciplined capital allocation we are well positioned to deliver on the growth potential of our SurfLock™, DuraBind™ and Bioform™ products."

Financial Summary

Net Sales

Net sales were $4.0 million for Q1 2025, compared to $4.7 million the corresponding period in 2024. The 14% change was primarily due to lower volumes of $0.5 million, or 12%, due to an inventory buildup by a distributor in the prior period and uncertain market conditions.

Gross Profit

Gross profit was $0.9 million for Q1 2025, compared to $1.1 million for the corresponding period in 2024. The 24% change was primarily due to lower volumes, due to an inventory buildup by a distributor in the prior period and uncertain market conditions, and a lower average selling price.

Gross profit as a percentage of sales was 21.5% for Q1 2025, compared to 24.2% in the corresponding period in 2024. Gross profit as a percentage of sales adjusted for manufacturing depreciation was 27.2% for Q1 2025, compared to 29.2% for the corresponding period in 2024. The change in both metrics was primarily due to a lower average selling price.

Selling, General and Administrative

Selling, general and administrative expenses (SG&A) were $1.5 million for Q1 2025, compared to $1.7 million for the corresponding period in 2024. The 15% improvement was primarily due to asset relocation costs incurred in the period ended March 31, 2024, associated with the Company's manufacturing footprint realignment project.

Research and Development

Research and development (R&D) costs were $0.4 million for Q1 2025, unchanged from the corresponding period in 2024. R&D expense as a percentage of sales was 10% for Q1 2025, unchanged from the corresponding period in 2024. The Company's R&D efforts continue to focus on further enhancing value for our existing products and expanding addressable opportunities.

Adjusted EBITDA[1]

Adjusted EBITDA was $(0.5) million for Q1 2025, relatively unchanged from the same period in 2024, as lower gross profit, due primarily to lower volumes, was offset by lower operating expenses adjusted for non-cash items when compared to the same period last year.

Net Loss

Net loss was $0.6 million, or $0.01 per common share, for Q1 2025, unchanged from the corresponding period in 2024. Both loss from operations and net interest income during the period were comparable to the same period last year.

Liquidity

Cash on hand and term deposits were $31.4 million as at March 31, 2025, compared to $32.2 million as at December 31, 2024. The Company purchased and cancelled 106,400 common shares under the NCIB during Q1 2025, for consideration of $0.3 million.

Notice of Conference Call

EcoSynthetix will host a conference call Friday, May 9, at 8:30 am ET to discuss its financial results. Jeff MacDonald, CEO, and Robert Haire, CFO, will co-chair the call. All interested parties can instantly join the call by phone, by following the URL https://emportal.ink/4iJVn9b to easily register and be connected into the conference call automatically or the conventional method by dialling (416) 945-7677 or (888) 699-1199 with the conference identification of 82989#. Please dial in 15 minutes prior to the call to secure a line. A live audio webcast of the conference call will also be available at www.ecosynthetix.com or https://app.webinar.net/o9qOmJ8rELA. The presentation will be accompanied by slides, which will be available via the webcast link and the Company's website. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast.

[1]Non-IFRS Financial Measures

This press release 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 results of operations of EcoSynthetix from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the financial information of EcoSynthetix reported under IFRS. The Company uses non-IFRS measures such as Adjusted EBITDA to provide investors with a supplemental measure of operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its capital expenditure and working capital requirements.

Adjusted EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. See "IFRS and Non-IFRS Measures." The Company presents Adjusted EBITDA because the Company believes it facilitates investors' use of operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting relative interest expense), the book amortization of intangibles (affecting relative amortization expense) and the age and book value of property and equipment (affecting relative depreciation expense). The Company also presents Adjusted EBITDA because it believes it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance. Adjusted EBITDA as presented herein are not recognized measures 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 net interest expense, income taxes, depreciation, amortization, gain or loss on disposals of property, plant and equipment and other non-cash expenses and charges deducted in determining consolidated net income (loss).

The following table reconciles net loss to Adjusted EBITDA loss for the three months ended March 31, 2025, and March 31, 2024:

	Three months ended March 31, 2025	**Three months ended March 31, 2024**
Net loss	(606,526)	(619,346)
Depreciation	270,403	304,199
Share-based compensation	204,662	202,379
Interest income	(369,550)	(417,049)
Adjusted EBITDA (loss)	**(501,011)**	**(529,817)**

About EcoSynthetix Inc. (www.ecosynthetix.com)

EcoSynthetix offers a range of sustainable engineered biopolymers that allow customers to reduce their use of harmful materials, such as formaldehyde and styrene-based chemicals. The Company's flagship products, DuraBind™, Surflock™, Bioform™, and EcoSphere®, are used to manufacture wood composites, personal care, paper, tissue and packaging products, and enable performance improvements, economic benefits and carbon footprint reduction. The Company is publicly traded on the Toronto Stock Exchange (T:ECO).

Forward-Looking Statements

Certain statements in this Press Release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Company, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward looking statements. The forward-looking statements in this Press Release include, but are not limited to, statements regarding the Company's plans to execute its commercial strategy, deliver meaningful growth across all three product categories, convert high-value strategic *prospects into customers, and other statements regarding the Company's plans and expectations in 2025. These statements reflect our current views regarding future events and operating performance and are based on information currently available to us, and speak only as of the date of this Press Release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. 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 our 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, including the factors identified in the "Risk Factors" section of the Company's Annual Information Form dated February 18, 2025. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Press Release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.*

For further information, please contact:

Investor Relations
Ross Marshall
Phone: (416) 526-1563
E-mail: ross.marshall@loderockadvisors.com

EcoSynthetix Inc.
Consolidated Balance Sheets
(expressed in US dollars)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash	6,756,790	7,721,403
Term deposits	24,676,266	24,473,985
Accounts receivable	2,362,743	2,325,369
Inventory	3,458,615	2,828,748
Prepaid expenses	103,089	90,306
	37,357,503	37,439,811
Non-current assets		
Property, plant and equipment	3,655,542	3,845,010
Total assets	41,013,045	41,284,821
Liabilities		
Current liabilities		
Trade accounts payables and accrued liabilities	2,359,523	1,938,831
Shareholders' Equity		
Common shares	489,105,407	489,246,909
Contributed surplus	11,068,864	11,013,304
Accumulated deficit	(461,520,749)	(460,914,223)
Total shareholders' equity	38,653,522	39,345,990
Total liabilities and shareholders' equity	41,013,045	41,284,821

EcoSynthetix Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2025 and March 31, 2024
(expressed in US dollars)

	Three months ended March 31, 2025	2024
Net sales	4,042,161	4,685,819
Cost of sales	3,174,122	3,550,929
Gross profit on sales	868,039	1,134,890
Expenses		
Selling, general and administrative	1,459,547	1,722,468
Research and development	384,568	448,817
	1,844,115	2,171,285
Loss from operations	(976,076)	(1,036,395)
Net interest income	369,550	417,049
Net loss and comprehensive loss	(606,526)	(619,346)
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares outstanding	58,531,759	58,613,145

EcoSynthetix Inc.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and March 31, 2024
(expressed in US dollars)

	Three months ended March 31, 2025	2024
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss	(606,526)	(619,346)
Items not affecting cash		
Depreciation	270,403	304,199
Share-based compensation	204,662	202,379
Other	(34,882)	(13,083)
Changes in non-cash working capital		
Accounts receivable	(37,374)	(507,258)
Inventory	(634,768)	894,268
Prepaid expenses	(12,783)	(783)
Trade accounts payables and accrued liabilities	445,088	926,920
Interest on term deposits		
Interest received on term deposits	841,794	260,450
Accrued interest on term deposits	(314,075)	(382,650)
	121,539	1,065,096
Investing activities		
Purchase of property, plant and equipment	(23,165)	(152,386)
Receipts on matured term deposits	16,550,000	12,600,000
Purchase of term deposits	(17,280,000)	(12,800,000)
	(753,165)	(352,386)
Financing activities		
Payments made on lease liability	(79,442)	(79,885)
Common shares repurchased	(333,842)	(561,379)
Exercise of common share options	43,238	44,961
	(370,046)	(596,303)
Effect of exchange rate changes on cash	37,059	2,321
Change in cash during the period	(964,613)	118,728
Cash - Beginning of period	7,721,403	4,915,445
Cash - End of period	6,756,790	5,034,173