Burcon NutraScience Corporation

Consolidated Financial Statements
March 31, 2023 and 2022
(in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Burcon NutraScience Corporation

Opinion

We have audited the consolidated financial statements of Burcon NutraScience Corporation (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and comprehensive loss for the year then ended
- the consolidated statement of changes in shareholders' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that for the year ended March 31, 2023, the Entity has incurred a net loss, generated negative cash flows from operating activities, and accumulated losses since inception.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of impairment of investment in and loans to Merit Functional Foods Corporation

Description of the matter

We draw attention to Notes 3 and 7 to the financial statements. The Entity has an investment in and loans to Merit Functional Foods Corporation ("Merit Foods") through its subsidiary, Burcon NutraScience Holdings Corporation ("Burcon Holdings"). On March 1, 2023, Merit was placed in receivership by its lenders and commenced its liquidation process. The Entity has written off the investment in Merit Foods for an amount of $7,987,304 and loans to Merit Foods for an amount of $4,358,630, respectively. Burcon Holdings continues to be involved with Merit Foods' lenders through various guarantee, security, pledge, and loan subordination agreements.

Why the matter is a key audit matter

We identified the evaluation of impairment of investment in and loans to Merit Foods as a key audit matter. The matter represented an area of higher assessed risk of material misstatement given the magnitude of the impact of the loss on the Company's financial performance. Assessing the recoverable amount of the investment in and loans to Merit Foods and the associated losses also required auditor attention and judgment to evaluate the results of our audit procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following.

- We read the report by the Receiver, relevant documents associated with the receivership and information included in the Entity's internal and external communication to obtain an understanding of the status of Merit Foods' receivership
- We inspected underlying agreements among the Entity, Burcon Holdings, Merit Foods and Merit Foods' lenders to obtain an understanding of the ongoing involvement among various parties
- We evaluated the appropriateness of management's assessed nil recoverable amount and the associated losses recorded to write off the investment in and loans to Merit Foods by considering both quantitative and qualitative information relating to Merit Foods' receivership
- We obtained confirmation from the Entity's external legal counsel to evaluate management's assessment of the Entity and its subsidiaries' obligations towards Merit Foods and Merit Foods' lenders
- We evaluated the adequacy of the note disclosures by inspecting the underlying agreements with Merit Foods and its lenders.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 27, 2022.

Other Information

Management is responsible for the other information. Other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Lyndon Fung.

Vancouver, Canada
June 28, 2023

BURCON NUTRASCIENCE CORPORATION

Consolidated Statements of Financial Position

As at March 31, 2023 and March 31, 2022

(In Canadian dollars)

	March 31, 2023 $	March 31, 2022 $
ASSETS		
Current assets		
Cash	1,456,845	7,000,824
Restricted cash (note 5)	-	122,707
Amounts receivable (notes 5 and 7)	332,118	200,342
Prepaid expenses	75,902	291,621
	1,864,865	7,615,494
Property and equipment, net of accumulated depreciation of $4,434,598 (2022 - $4,195,112) (note 4)	983,924	859,386
Deferred development costs – net of accumulated amortization of $526,878 (2022 - $105,375) (note 6)	5,795,650	6,217,153
Investment in and loans to Merit Functional Foods Corporation (note 7)	-	13,402,774
Goodwill (note 8)	1,254,930	1,254,930
	9,899,369	29,349,737
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	590,936	906,651
Lease liabilities	34,431	14,397
Deferred revenue (note 5)	-	122,707
	625,367	1,043,755
Secured loan (notes 9 and 14)	5,112,381	-
Lease liabilities	24,310	58,742
	5,762,058	1,102,497
SHAREHOLDERS' EQUITY (note 10)		
Capital stock	114,566,577	114,566,577
Contributed surplus	16,763,830	15,863,592
Options	7,279,559	7,041,049
Restricted share units	127,651	12,078
Deficit	(134,600,306)	(109,236,056)
	4,137,311	28,247,240
	9,899,369	29,349,737

Going concern (note 1)

Subsequent event (note 20)

Approved by the Board of Directors

"Douglas Gilpin" — Director

"Alfred Lau" — Director

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

BURCON NUTRASCIENCE CORPORATION
Consolidated Statements of Operations and Comprehensive Loss
Years ended March 31, 2023 and 2022
(In Canadian dollars)

	2023 $	2022 $
REVENUE		
Royalty income (note 7)	363,913	171,471
EXPENSES		
Research and development (notes 5 and 11)	4,125,149	3,293,446
General and administrative (notes 12 and 14)	3,764,034	4,275,603
	7,889,183	7,569,049
LOSS FROM OPERATIONS	(7,525,270)	(7,397,578)
INTEREST AND OTHER INCOME (note 7)	425,474	434,496
MANAGEMENT FEE INCOME (notes 7 and 14)	44,547	114,435
GAIN ON DILUTION OF INVESTMENT IN MERIT FUNCTIONAL FOODS CORPORATION (note 7)	-	961,164
SHARE OF LOSS IN MERIT FUNCTIONAL FOODS CORPORATION (note 7)	(5,499,906)	(4,294,789)
WRITE-OFF OF INVESTMENT IN MERIT FUNCTIONAL FOODS CORPORATION (note 7)	(7,987,304)	-
WRITE-OFF OF LOANS TO MERIT FUNCTIONAL FOODS CORPORATION (note 7)	(4,358,630)	-
INTEREST AND OTHER EXPENSE (note 9)	(466,290)	(72,527)
FOREIGN EXCHANGE GAIN (LOSS)	3,129	(3,608)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(25,364,250)	(10,258,407)
BASIC AND DILUTED LOSS PER SHARE (note 13)	(0.23)	(0.09)

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

BURCON NUTRASCIENCE CORPORATION

Consolidated Statements of Changes in Shareholders' Equity

Years ended March 31, 2023 and 2022

(In Canadian dollars, except share amounts)

	Number of fully paid common shares	Capital stock $	Contributed surplus $	Options $	Warrants $	Restricted share units $	Deficit $	Total shareholders' equity $
Balance – March 31, 2021	108,431,377	114,106,836	14,058,654	6,490,537	594,621	-	(98,977,649)	36,272,999
Loss and comprehensive loss for the year	-	-	-	-	-	-	(10,258,407)	(10,258,407)
Options exercised	191,615	197,481	-	(136,957)	-	-	-	60,524
Options expired	-	-	505,947	(505,947)	-	-	-	-
Options forfeited	-	-	755,130	(755,130)	-		-	-
Warrants exercised	105,750	262,260	-	-	(50,760)	-	-	211,500
Warrants expired	-	-	543,861	-	(543,861)	-	-	-
Stock-based compensation expense	-	-	-	1,948,546	-	12,078	-	1,960,624
Balance – March 31, 2022	108,728,742	114,566,577	15,863,592	7,041,049	-	12,078	(109,236,056)	28,247,240
Loss and comprehensive loss for the year	-	-	-	-	-	-	(25,364,250)	(25,364,250)
Options expired	-	-	564,164	(564,164)	-	-	-	-
Options forfeited / cancelled	-	-	336,074	(336,074)	-	-	-	-
Restricted share unit redeemed	-	-	-	-	-	(2,345)	-	(2,345)
Stock-based compensation expense	-	-	-	1,138,748	-	117,918	-	1,256,666
Balance – March 31, 2023	108,728,742	114,566,577	16,763,830	7,279,559	-	127,651	(134,600,306)	4,137,311

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

BURCON NUTRASCIENCE CORPORATION
Consolidated Statements of Cash Flows
Years ended March 31, 2023 and 2022

(In Canadian dollars)

	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(25,364,250)	(10,258,407)
Items not affecting cash		
Depreciation of property and equipment	239,486	156,036
Amortization of deferred development costs	421,503	105,375
Inventory written off to research and development costs	-	132,186
Unrealized foreign exchange (gain) loss	(10,487)	548
Interest accretion	(335,641)	(343,503)
Finance income	-	(798)
Interest expense on secured loan	202,031	-
Interest expense on lease liabilities	86,281	72,527
Gain on dilution of investment in Merit Functional Foods Corporation	-	(961,164)
Share of loss in Merit Functional Foods Corporation	5,499,906	4,294,789
Write-off of investment in Merit Functional Foods Corporation	7,987,304	-
Write-off of loans to Merit Functional Foods Corporation	4,358,630	-
Stock-based compensation expense	1,256,666	1,435,678
	(5,658,571)	(5,366,733)
Changes in non-cash working capital items		
Amounts receivable	(131,776)	138,373
Inventory	-	287
Prepaid expenses	215,719	(139,620)
Accounts payable and accrued liabilities	(322,178)	(509,071)
	(5,896,806)	(5,876,764)
Interest income	(32,434)	(36,741)
Interest expense paid on lease liabilities	(86,281)	-
Net cash used in operating activities	(6,015,521)	(5,913,505)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	32,434	36,741
Capital loan advances to Merit Functional Foods Corporation	(4,107,425)	-
Development costs deferred	-	(1,217,089)
Acquisition of property and equipment	(359,906)	(51,512)
	(4,434,897)	(1,231,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of capital stock	-	272,024
Proceeds from Secured loan	5,000,000	-
Secured loan issue costs	(89,650)	-
Reduction of lease liabilities	(14,398)	(97,946)
	4,895,952	174,078
FOREIGN EXCHANGE GAIN (LOSS) ON CASH	10,487	(548)
DECREASE IN CASH	(5,543,979)	(6,971,835)
CASH – BEGINNING OF YEAR	7,000,824	13,972,659
CASH – END OF YEAR	1,456,845	7,000,824

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

1. **Going Concern**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that Burcon NutraScience Corporation (“Burcon” or the “Company”) will continue its operations and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, management considers all available information and actions within its control with respect to the future which is at least, but not limited to, twelve months from the end of the reporting period.

As at March 31, 2023, the Company has not earned significant revenues from its technology licensing and, had an accumulated deficit of $134.6 million (March 31, 2022 - $109.2 million). During the year ended March 31, 2023, the Company incurred a net loss of $25.4 million (2022 - $10.3 million) and had negative cash flow from operations of $6.0 million (2022 - $5.9 million). Further, the investment in and loans given to Merit Functional Foods Corporation (“Merit Foods”) have been written off as at March 31, 2023 as a result of Merit Foods being placed in receivership on March 1, 2023. Subsequent to March 31, 2023, the Company completed a private placement for gross proceeds of $3.4 million.

The Company’s ability to continue as a going concern is dependent upon the Company’s ability to reduce its operating costs and to raise additional capital to fund its planned research and development activities to achieve its business objectives. The Company has historically relied on equity and debt financings to undertake its research and development activities. While the Company is considering various financing options for its short-term and long-term liquidity requirements to maintain its operations and fund its research and development activities, there can be no assurance that additional financing may be available on acceptable terms, if at all. If Burcon is unable to raise additional funds when it needs them, it may be required to delay, reduce or eliminate some or all of its research and development programs. Therefore, these conditions result in material uncertainties that may cast significant doubt over the Company’s ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern and such adjustments could be material.

2. **Nature of operations**

Burcon is headquartered in Vancouver, British Columbia, Canada.

Burcon is a research and development company that has developed plant protein extraction and purification technology in the field of functional, renewable plant-based proteins for foods and beverages. The Company has a portfolio of composition, application and process patents covering novel plant-based proteins derived from pea, canola, soy, hemp, sunflower seed and more.

3. Significant accounting policies

Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the same accounting policies throughout all periods presented. The board of directors approved these consolidated financial statements on June 28, 2023.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances have been eliminated on consolidation.

A subsidiary is an entity in which the Company has control, directly or indirectly. Under IFRS 10, an investor controls an investee if and only if the investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements on the date on which control commences until the date on which control ceases. When control over a subsidiary is lost, the assets and liabilities of the subsidiary are derecognized. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Details of the Company's subsidiary at March 31, 2023 are as follows:

	Place of incorporation	**Interest %**	**Principal activity**
Burcon NutraScience (MB) Corp.	Manitoba, Canada	100	Research and development

On March 1, 2023, the Company derecognized the assets and liabilities of Burcon NutraScience Holdings Corp. ("Burcon Holdings") (see note 7).

Investment in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy of the investee without the power to control or jointly control those policies.

Under the equity method of accounting, investments are recorded at historical cost as an asset and adjusted for dividends received, capital contributions, other transactions that result in changes in ownership interest held by the Company, and the Company's share of an associate's earnings or losses, which is recorded as a component of Loss and Comprehensive Loss for the year. When the Company's share of losses of an associate exceeds the Company's interest in the associate, which includes any long-term interests that, in substance, form part of the Company's net investment in the associate, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Management considers whether there is any objective evidence of impairment as a result of one or more of the following events, which include (i) significant financial difficulty; (ii) breach of contract, such as a default or delinquency in payments; (iii) the Company granting to an associate a concession on that the Company would not otherwise consider; (iv) it becoming probable that the associate will enter bankruptcy or other financial reorganisation; or (v) the disappearance of an active market for the net investment because of financial difficulties of the associate to determine whether it is necessary to test the Company's investment in an associate for impairment. Objective evidence of impairment also includes information about changes with an adverse effect that has taken place in the technological, market, economic or legal environment and whether there has been a significant or prolonged decline in the fair value of an investment below cost. When such objective evidence of impairment exists, the carrying amount of the investment is tested for impairment by comparing the recoverable amount of the investment with its carrying amount. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition

The Company recognizes revenue when it transfers control over a product or service to a customer. The following steps are considered when recognizing revenue:

1. Identify the contract with customers;

2. Identify the performance obligation in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to performance obligation; and

5. Recognize revenue when/as performance obligation(s) are satisfied.

The Company earns revenues from licensing agreements under which third parties are granted rights to use the Company's technologies. Royalty revenues are earned based on sales made by the licensee. The Company earns revenues from providing research and development and management services. Services revenues are recognized as services are performed.

Government assistance

The Company carries out research and development in Canada that is eligible for Scientific Research and Experimental Development ("SR&ED") Investment Tax Credits ("ITC") at both the federal and provincial level. The Company has recognized the refundable portion of ITC at the provincial level but has not recognized the benefits of ITC at the federal level because realization of these benefits is not probable at this time. The Company's determination of ITC involves uncertainty with respect to management's interpretation of complex tax regulations. The ITC claims are subject to review and acceptance by the Canada Revenue Agency prior to collection.

Government assistance, including from Protein Industries Canada ("PIC"), related to current expenses is recognized in the consolidated statement of loss and comprehensive loss on a systematic basis over the period in which the Company recognizes the expenses for which the government assistance if intended to compensate.

Goodwill

Goodwill represents the excess at the date of acquisition of the cost of the acquired business over the fair values attributed to the underlying net tangible assets and the identifiable intangible assets. Goodwill is not amortized. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On at least an annual basis, or when circumstances indicate the carrying value of goodwill may not be recoverable, the Company subjects goodwill to an impairment test. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGU") or group of CGUs that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment of long-lived assets

The Company assesses the recoverable amount of non-financial assets, at each reporting date, for indicators of impairment. If any indication exists, the Company estimates the recoverable amount for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount which is the higher of fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows to be derived from an asset or a CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are considered or an appropriate valuation model is used.

An impairment loss is recognized in the statement of profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. A previously recognized impairment loss is reversed when there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to its recoverable amount and cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash

Cash consist of cash balances at banks.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when rights to receive cash flows from assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in one of the following categories: amortized cost, fair value through profit or loss, and fair value through other comprehensive income ("FVOCI").

Derivatives are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Gains and losses arising from changes in fair value are presented in the consolidated statements of operations and comprehensive loss, through profit or loss, in the period in which they arise. The Company has no derivatives.

Financial assets carried at amortized cost, which include loans and receivables initially recognized at the amount expected to be received, less a provision for the expected credit loss. Subsequently, financial assets carried at amortized cost are measured at amortized cost using the effective interest method less a provision for the expected credit loss. The Company classifies its cash and amounts receivable and loans to Merit Foods as financial assets carried at amortized cost.

Financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL (see Note 7).

Financial liabilities are generally classified at measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if its classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are measured at fair value at initial recognition and subsequently measured at amortized cost using the effective interest method.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Impairment losses are recognized in the consolidated statement of operations and comprehensive loss. The amortized cost is reduced by impairment losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the expected credit loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

A financial asset or financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue.

Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Qualifying transaction costs incurred prior to the Company's year-end in anticipation of an issuance of equity instruments subsequent to the Company's year-end are deferred on the consolidated balance sheets until the equity instruments are issued.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. The Company provides for depreciation at the following annual rates:

Equipment	20% diminishing balance method
Computer equipment	30% diminishing balance method
Leasehold improvements	Straight-line over lease term
Right-of-use assets	Straight-line over lease term

Research and development costs

Research costs are expensed in the year incurred. Development costs are also expensed in the year incurred unless the related process is clearly defined and the costs attributable thereto can be reliably measured; the technical feasibility of the process has been established so that it will be available for use or sale; management has indicated its intention to produce and market, or use, the process; an ability to use or sell the process exists; the process will generate probable future economic benefits; and adequate resources exist, or are expected to be available, to complete the development and to use or sell the process. The residual value and useful life are reviewed at each reporting date. Where an indicator of impairment exists the deferred development costs are subject to impairment testing as described in "Impairment of long-lived assets" above.

Income taxes

The Company uses the balance sheet liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized in the current year for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are recognized only to the extent they are considered probable to be realized.

Stock-based compensation

Stock-based compensation expense relates to stock options as well as equity settled restricted share units ("RSUs"). The compensation cost is measured at the fair value of the equity instrument granted at the date of grant and is expensed to operations over the award's vesting period.

When stock options are exercised, capital stock is credited by the sum of the consideration paid and by the related portion previously recorded in options. Upon vesting of equity settled RSUs, the related amount recorded as RSUs is reclassified into capital stock. Additional information related to the stock option plan and the assumptions used in the Black-Scholes option pricing model are provided in note 10(d).

Earnings (loss) per share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. The Company applies the treasury stock method to calculate diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in Canadian dollars, which is the Company’s and its subsidiaries’ functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statements of operations and comprehensive loss.

Accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires management to apply judgment in applying accounting policies. The judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are outlined below. In addition, IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amount of revenue and expenses during the reporting period, and disclosures made in the accompanying notes to the consolidated financial statements. Outlined below are the assumptions and other sources of estimation uncertainty as at March 31, 2023 that have a risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next year.

Areas of judgement

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Going concern (Note 1)

The determination as to the Company's ability to continue as a going concern is dependent on its ability to implement cost-saving measures and/or to secure debt and equity financing. Certain judgements were made when determining if and when the Company will successfully implement its cost-saving measures and to secure debt and equity financing.

Impairment of and write-off of investment in Merit Foods (Note 7)

Judgment is required in assessing whether there is objective evidence of impairment of its investment in Merit Foods. The information management considered included whether there was evidence of significant financial difficulty, breach of contract, the granting of concessions, probable bankruptcy or financial reorganisation or the disappearance of an active market for the investment in Merit Foods. Management also considered whether there was information about changes with an adverse effect that has taken place in technological, market, economic or legal environment and whether there has been a significant or prolonged decline in the fair value of an investment below cost.

Deconsolidation of Burcon Holdings

Judgement is required for the purposes of assessment of loss of control over Burcon Holdings. The facts and circumstances management considered included assessment over power, how relevant activities of Burcon Holdings are directed, linkage of power and return, including the Company's exposure to variability of returns from its involvement in Burcon Holdings. Refer to additional information provided in note 7.

Determination of CGUs (Notes 4, 6 and 8)

For the purposes of assessing impairment of goodwill and long-lived assets, the Company must identify CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The composition of a CGU can directly impact the recoverability of non-financial assets included within the CGU. Management has determined that the Company has one CGU.

Assessment of indicators of impairment of long-lived assets including property and equipment and deferred development costs and goodwill (Notes 4, 6 and 8)

Judgment is required in assessing whether there are indicators of impairment of long-lived assets. The Company tests property and equipment and development costs for impairment whenever events or circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. Management considers both internal and external information to determine whether there is an indicator of impairment and, accordingly, whether impairment testing is required.

Commencement of amortization of deferred development costs (Note 6)

On July 1, 2019, the Company commenced deferring development costs related to its pea and canola technologies. Judgement is required to assess when amortization of deferred development costs commences. Management considered whether there was sufficient evidence to conclude that the Merit production facility was capable of operating in the manner intended by management. Based on the Merit production facility's output, management concluded that the facility was effectively commissioned on December 31, 2021. As a result, the Company ceased capitalization of costs and commenced amortization on January 1, 2022. Deferred development costs are amortized over the estimated useful life of 15 years.

Sources of estimation uncertainty

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

Expected credit loss

The Company recognizes an amount equal to the lifetime expected credit loss ("ECL") on amounts receivable and loans to Merit Functional Foods Corporation for which there has been a significant increase in credit risk since initial recognition. See note 7 for further disclosures.

Useful lives of property and equipment and deferred development costs (Notes 4 and 6)

Depreciation of property and equipment and amortization of deferred development costs are dependent upon estimates of useful lives and residual value which are determined through the use of assumptions. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Although management believes the estimated useful lives of the Company's property and equipment and deferred development costs are reasonable, changes in estimates could occur, affecting the expected useful lives and salvage values of the property and equipment and intangible assets.

Goodwill impairment assessment (Note 8)

The Company determines the recoverable amount of its cash generating unit when performing its annual impairment test for goodwill. In determining the recoverable amount, the Company considers its market capitalization in determining the recoverable amount. The estimate of recoverable amount is based on management's best estimates of what an independent market participant would consider appropriate. At March 31, 2023, the recoverable amount of the Burcon cash generating unit exceeded the carrying amount, and therefore no impairment charge has been recognized.

Share-based payments (Note 10)

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. In estimating the fair value, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future share price, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in different outcomes.

Accounting standard and amendments issued and not yet adopted

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendment clarifies the classification requirements to determine if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing or recognition. The amendment is effective for annual reporting periods beginning on or after January 1, 2024 and is to be applied retrospectively, with earlier application permitted. The Company does not expect the new standard will have a significant impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 require entities to disclose their material accounting policy information. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality. Under the amendments, an entity discloses material accounting policy information. Accounting policy information is ‘material’ if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is assessing the impact of these amendments on the consolidated financial statements.

(In Canadian dollars)

4. Property and equipment

	Equipment	Right-of-Use Assets	Computer Equipment	Leasehold improvements	Total
	$	$	$	$	$
Cost at March 31, 2022	4,691,304	145,772	128,778	88,644	5,054,498
Additions	346,876	-	7,981	9,167	364,024
Cost at March 31, 2023	5,038,180	145,772	136,759	97,811	5,418,522
Accumulated depreciation at March 31, 2022	3,932,268	81,393	100,194	81,257	4,195,112
Depreciation	194,528	29,424	8,673	6,861	239,486
Accumulated depreciaion at March 31, 2023	4,126,796	110,817	108,867	88,118	4,434,598
Net book value at March 31, 2023	911,384	34,955	27,892	9,693	983,924

	Equipment	Right-of-Use Assets	Computer Equipment	Leasehold improvements	Total
	$	$	$	$	$
Cost at March 31, 2021	4,647,558	68,549	123,340	88,644	4,928,091
Additions	43,746	77,223	5,438	-	126,407
Cost at March 31, 2022	4,691,304	145,772	128,778	88,644	5,054,498
Accumulated depreciation at March 31, 2021	3,728,071	46,056	89,108	59,096	3,922,331
Depreciation	204,197	35,337	11,086	22,161	272,781
Accumulated depreciation at March 31, 2022	3,932,268	81,393	100,194	81,257	4,195,112
Net book value at March 31, 2022	759,036	64,379	28,584	7,387	859,386

5. Protein Industries Canada

In March 2022, Burcon entered into a collaborative agreement with PIC for the development of protein ingredients from sunflower seeds. PIC is an industry-led, not-for-profit organization committed to positioning Canada as a global source of high-quality plant protein ingredients. It is one of Canada's five innovation superclusters, which are government-initiated efforts to significantly boost Canada's job market, GDP, research and innovations.

Burcon partnered with Pristine Gourmet, a processor of Canadian non-GMO cold pressed virgin oils, to further develop Burcon's novel process for the production of sunflower protein ingredients. In March 2022, PIC provided Burcon an upfront payment of $122,707, which was recorded as restricted cash and deferred revenue. During the year ended March 31, 2023, Burcon recorded PIC grants of $453,239 (2022 - $nil) as government assistance against research and development expenses, intellectual property expenses and property and equipment, of which $169,648 is included in amounts receivable as at March 31, 2023 (March 31, 2022 - $nil). The project was completed on March 31, 2023.

(In Canadian dollars)

6. **Deferred development costs**

On July 1, 2019, the Company commenced deferring development costs related to its pea and canola technologies. The Company ceased capitalization of costs and commenced amortization on January 1, 2022. Deferred development costs are amortized over the useful life of 15 years.

Cost at March 31, 2022	6,322,528
Additions	-
Cost at March 31, 2023	6,322,528
Amortization at March 31, 2022	105,375
Amortization	421,503
Amortization at March 31, 2023	526,878
Net book value at March 31, 2023	5,795,650
Cost at March 31, 2021	4,463,748
Additions	1,858,780
Cost at March 31, 2022	6,322,528
Amortization at March 31, 2021	-
Amortization	105,375
Amortization at March 31, 2022	105,375
Net book value at March 31, 2022	6,217,153

Assessment of indicators of impairment of long-lived assets, including deferred development costs

The information management considered in its assessment of indicators of impairment included plant-based protein market information and the Company's market capitalization, and other internal sources of information. Due to the Merit Foods' receivership (see note 7), management has determined that impairment indicators existed as at March 31, 2023 and an impairment test was performed on the recoverable amount of Burcon's long-lived assets, including deferred development costs.

In identifying the level at which assets are tested for impairment, management has determined that Burcon's long-lived assets do not generate cash inflows that are largely independent of those from other assets or groups of assets. As such, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. In addition, goodwill has been allocated to an individual CGU, the entire CGU (including goodwill) is tested for impairment. As Burcon is a single-purpose entity that develops plant-based protein through its patented extraction and purification technology, it has only one CGU. The impairment assessment was performed by comparing the carrying value of the group of assets, including the allocated carrying value of goodwill, to the higher of its fair value less costs to sell and its value in use, which is the present value of future cash flows expected to be derived from the group of assets in their current state.

The Company considers its market capitalization in determining the recoverable amount. The estimate of recoverable amount is based on management's best estimates of what an independent market participant would consider appropriate. At March 31, 2023, the recoverable amount of the Burcon cash generating unit exceeded the carrying amount, and therefore no impairment charge has been recognized.

7. **Investment in and loans to Merit Functional Foods Corporation**

Merit Foods was formed in May 2019 by Burcon Holdings and two other entities (the "Partners"), with Burcon Holdings initially owning 40% of Merit Foods. The Company has a 100% interest in Burcon Holdings, which was formed solely to hold an interest in Merit Foods. After Bunge Limited's ("Bunge") investment in August 2020 and further investment in October 2021 into Merit Foods, Burcon's shareholdings decreased to 31.6%. As a result of Bunge's investment in Merit Foods in October 2021, Burcon recorded a dilution gain of $961,164 during the year ended March 31, 2022.

Merit Foods constructed and commissioned a commercial production facility (the "Flex Production Facility") in Winnipeg, Manitoba. Up to March 1, 2023 when Merit Foods was placed in receivership (see below), the business of Merit Foods was the production, sales, marketing and distribution of Burcon's pulse protein ingredients, including Peazazz® and Peazac® pea proteins and Burcon's canola proteins, Supertein®, Puratein® and Nutratein® (collectively the "Products").

Under the amended license and production agreement (the "Amended License Agreement'), Merit Foods had the exclusive rights over Burcon's pulse proteins and canola protein technologies across all geographic regions and all product uses. Burcon receives running royalties on the net revenue (as defined in the Amended License Agreement) from the sales of the Products by Merit Foods. Burcon was responsible for the technology transfer to Merit Foods and provided assistance, under a services agreement, to support the design, construction and commissioning of the commercial protein production facility, as well as providing other services and sample production services.

Merit Foods completed the commissioning process on December 31, 2021. With the completion of the commissioning process, the Flex Production Facility commenced its operation with the licensed technologies in the manner intended by management. Accordingly, Burcon ceased capitalization of costs to deferred development and commenced amortization of deferred development costs on January 1, 2022.

From inception of Merit Foods to March 31, 2023, Burcon Holdings made loan advances (the "Merit Promissory Notes") of $17.1 million to Merit Foods, including $4,107,425 advanced during the year ended March 31, 2023, as its proportionate share of all of Merit Foods' shareholders' advances to Merit Foods, to address Merit Foods' liquidity requirements. The terms of the advances made in fiscal 2023 were the same as previous loan advances made, as described below.

The terms of the initial loan advances were finalized by December 2019 and the loan advances were non-interest bearing, unsecured, subordinated to Merit Foods' other secured and unsecured debts, had a term of 15 years, and was repayable by Merit Foods, without penalty or bonus, on a pro-rata basis based on the proportionate share of each shareholder's loan outstanding in relation to the other shareholders of Merit Foods applied to the outstanding principal amounts. The calculated present value of the loan advances was allocated to loans receivable using a discount rate of 11%, and the residual was allocated to capital contributions.

Merit Foods has incurred cumulative operating losses and negative operating cash flows that have adversely impacted its financial situation and liquidity position. In September 2022, given the liquidity deficiency as Merit Foods continued to ramp up production and sales at the Flex Production Facility, Merit Foods began a process to identify new strategic investors. However, no funding had been received from any potential new investor.

Due to Merit Foods' financial difficulties and inability to secure a new strategic investor, Merit Foods was unable to meet its obligations with its secured creditors. On March 1, 2023, EDC and FCC jointly applied for and received a court order under the Business and Insolvency Act to appoint a receiver of all of the assets, undertakings and properties of Merit Foods.

Impairment and write-off of loans to Merit Foods

The Company recorded the expected credit losses on Merit Foods' loan receivable based on management's best estimate of lifetime expected credit loss taking into consideration of the probability of default, loss given default, and outstanding balance of the loans. Due to Merit Foods being placed in receivership on March 1, 2023, the loans to Merit Foods were considered to be credit-impaired. As a result, the Company wrote off the carrying value of the loans to Merit Foods of \$4,358,630, (2022 – ECL of \$8,807) for the year ended March 31, 2023.

Impairment of and write-off of investment in Merit Foods

As a result of Merit Foods being placed in receivership on March 31, 2023, management concluded that there was objective evidence of impairment related to its investment in Merit Foods. As at March 31, 2023, the Company assessed the carrying value of the investment against the estimated recoverable amount. The recoverable amount is the higher of fair value less cost of disposal ("FVLCD") and value in use ("VIU"). The FVLCD is the price that would be received to sell an asset in an orderly transaction between the market participants at the measurement date, less cost to dispose. The VIU is the present value of future cash flows expected to be derived from the investment. Due to Merit Foods being placed in receivership, it would not be appropriate to use VIU as the recoverable amount. In addition, there was, in management's opinion, no reason to believe that the FVLCD would result in a significant positive value. Accordingly, the Company wrote off the carrying value of its investment in Merit Foods of \$7,987,304 for the year ended March 31, 2023.

(In Canadian dollars)

As of March 31, 2023, the carrying value of the investment in and loans to Merit Foods comprised of:

	Investment in Share capital $	Capital Contribution $	Loans receivable $	Total net investment $
Net investment in Merit Foods, March 31, 2021	**1**	**13,508,191**	**2,893,511**	**16,401,703**
Share of loss in Merit Foods	-	(4,294,789)	-	(4,294,789)
Dilution gain of investment	-	961,164	-	961,164
Interest accretion	-	-	343,503	343,503
Expected credit loss provision	-	-	(8,807)	(8,807)
Net Investment in Merit Foods, March 31, 2022	**1**	**10,174,566**	**3,228,207**	**13,402,774**
Share of loss in Merit Foods	-	(5,499,906)	-	(5,499,906)
Loan advances	-	3,312,643	794,782	4,107,425
Write-off of investment	(1)	(7,987,303)	-	(7,987,304)
Interest accretion	-	-	335,641	335,641
Write-off of loan receivable	-	-	(4,358,630)	(4,358,630)
Net Investment in Merit Foods, March 31, 2023	**-**	**-**	**-**	**-**

Merit Foods has a total outstanding loan facilities of $95 million from a syndicate of lenders including Export Development Canada ("EDC"), Farm Credit Canada ("FCC") and the Canadian Imperial Bank of Commerce ("CIBC"). All shareholders of Merit Foods pledged their shares in Merit Foods as security under the loan facilities from EDC and FCC. The Merit Promissory Notes were postponed, assigned and pledged to EDC and FCC. In addition, all shareholders of Merit Foods have provided guarantees for the indebtedness to EDC and FCC, which are joint and several. Burcon Holdings' guarantees provided to EDC and FCC are unlimited. Interest continues to accrue on the loans from EDC and FCC during the receivership process. To-date, Burcon Holdings has not received communication from EDC and FCC with respect to the EDC/FCC Guarantees.

In April 2020, Burcon Holdings and the Partners provided guarantees in the aggregate amount of $1.25 million to CIBC (the "CIBC Guarantee"), of which Burcon Holdings' proportionate share was $500,000. In connection with Bunge's investment into Merit Foods in August 2020, Burcon Holdings' amount was reduced to $416,625. On February 24, 2023, Burcon Holdings received a letter from CIBC for its guarantee amount of the CIBC Guarantee. As Merit Foods' receivership process has not yet concluded, the outcome of CIBC's claims against the guarantors of Merit Foods' indebtedness to CIBC is unknown.

Merit Foods had also received additional debt financing of $10 million in the form of a 10-year interest-free loan from Agriculture and Agri-Food Canada (the "AIP Loan"). Burcon Holdings and the Partners provided a guarantee for the AIP Loan (the "AIP Guarantee"). The obligations of the

(In Canadian dollars)

AIP Guarantee are joint and several. However, Burcon Holdings and the Partners (the “AIP Guarantors”) entered into a reciprocal indemnity agreement (the “Indemnity Agreement’). Under the Indemnity Agreement, if any AIP Guarantor (each, a “Paying Guarantor”) is required to make payment under the AIP Guarantee and any other AIP Guarantor (each, a “Contributing Guarantor”) has not made a corresponding payment equal to its share based on its shareholdings in Merit Foods (“Contributive Share”), such Contributing Guarantor(s) shall pay the Paying Guarantor such amounts so that, after payment, all obligations and liabilities under the AIP Guarantee will have been borne by the AIP Guarantors in their original respective shareholding percentage in Merit Foods. To-date, Burcon Holdings has not received any communication from AIP with respect to the AIP Guarantee.

During fiscal 2022, the shareholders of the Partners (the “EDC Guarantors”) provided guarantees of $10 million (the “EDC Guarantee”) to EDC in order for Merit Foods to meet certain credit requirements required by EDC under the loan agreements with EDC. Burcon Holdings and the EDC Guarantors entered into a reciprocal indemnity agreement (the “EDC Indemnity Agreement”). Under the EDC Indemnity Agreement, if any EDC Guarantor (each, a “EDC Paying Guarantor”) is required to make payment under the EDC Guarantee and any other EDC Guarantor and Burcon Holdings (each, a “EDC Contributing Guarantor”) has not made a corresponding payment equal to its Contributive Share, such EDC Contributing Guarantor(s) shall pay the EDC Paying Guarantor such amounts so that, after payment, all obligations and liabilities under the EDC Guarantee will have been borne by the EDC Guarantors in their respective Contributive Shares. Burcon’s Contributive Share under the EDC Indemnity Agreement was 44.44%. As a result of Bunge’s investment in October 2021, the aggregate amount of debt guaranteed by the EDC Guarantors under the EDC Guarantee was reduced to $5.05 million, and Burcon Holdings’ maximum liability under the EDC Indemnity Agreement was reduced to $2.24 million. During the year ended March 31, 2023, as a result of the $10 million cash injection by the shareholders of Merit Foods, the EDC released the personal guarantees provided by the EDC Guarantors. As a result, the EDC Indemnity Agreement was also released.

As at March 31, 2023, Burcon Holdings’ total exposure from principal amounts of guarantees provided to EDC, FCC, AIP and CIBC is $99.4 million.

Summary financial position for Merit Foods as at March 31, 2023 and 2022

	As at March 31, 2023 $	**As at March 31, 2022 $**
Current assets	N/A	8,772,383
Non-current assets	N/A	132,469,291
Current liabilities	N/A	6,026,955
Non-current liabilities	N/A	103,910,943

As Merit Foods was placed in receivership on March 1, 2023, Burcon was unable to obtain additional financial information for Merit Foods.

(In Canadian dollars)

Summary financial results for Merit Foods

	Year ended March 31, 2023 $	**Year ended March 31, 2022 $**
Total revenue	7,718,720	6,284,174
Loss for the year	(17,404,766)	(13,271,029)

Since Merit Foods was placed in receivership on March 1, 2023, no additional financial information was available to Burcon subsequent to December 31, 2022. The above reported financial results for the year ended March 31, 2023 include only the nine month period ended December 31, 2022.

During the year ended March 31, 2023, Burcon recorded royalty revenues of $363,913 (2022 - $171,471) from Merit's sales of the Products, of which $100,000 was included in amounts receivable as at March 31, 2023 (2022 - $124,359). Due to Merit Foods being placed in receivership, the Company has recorded an expected credit loss for royalty receivable from Merit Foods equal to lifetime expected credit loss of $167,692 in interest and other expense.

For the year ended March 31, 2023, included in management fee income is $44,402 (2022 - $110,504) for services provided and $nil (2022 - $287) of samples sold to Merit Foods, of which $nil was included in amounts receivable at March 31, 2022 (2022 - $1,210). As a result of Merit Foods being placed in receivership, an expected credit loss equal to lifetime expected credit loss of $10,088 (2022 - $nil) has been recorded in interest and other expense.

Merit Foods also provided certain consulting services to Burcon. For the year ended March 31, 2023, Burcon recorded professional fee expense of $19,145 (2022 - $9,415).

Deconsolidation of Burcon Holdings

Burcon Holdings' sole asset and activity were the investment in and loans to Merit Foods and therefore considered a single asset entity. Effective upon Merit Foods being placed in receivership on March 1, 2023, the remaining relevant activities of Burcon Holdings are considered to be winding up and termination procedures to minimize losses to the Company. However, due to the pledge and assignments agreements in place, as disclosed above, the winding up and termination procedures of Burcon Holdings would not provide any returns. Moreover, the Company does not have any obligations nor any expectation to fund Burcon Holdings, which limits the Company's exposure to losses. Further, the activities of Merit Foods are now primarily executed to ensure that the lenders will maximize the recovery of their investment, and the equity holders of Merit Foods have no prospect of returns due to the significant amount of debt liabilities. The Company is not able to use its power over Burcon Holdings to impact returns as it relates to Merit Foods and has no expectation that Burcon Holdings will generate new activities that will allow it to return to profitable operations. Accordingly, the Company determined that it had lost control of Burcon Holdings. There is no recourse to the Company of Burcon Holdings' obligations, including the guarantees Burcon Holdings provided to EDC, FCC, AIP and CIBC. Accordingly, on March 1, 2023, the Company derecognized the assets and liabilities of Burcon Holdings.

No gain or loss was recorded as a result of the deconsolidation of Burcon Holdings.

Due to the loss of control of Burcon Holdings, the Company's interest in this subsidiary is accounted for as a financial asset after deconsolidation with a fair value of $nil, because there is no expectation of recoverability of the asset, operations or earnings in the future.

8. **Goodwill**

The Company determines the recoverable amount of its cash generating unit when performing its annual impairment test for goodwill. The Company considers its market capitalization in determining the recoverable amount, among other factors, when reviewing for indicators of impairment. The estimate of recoverable amount is based on management's best estimates of what an independent market participant would consider appropriate. At March 31, 2023, the Company had one CGU (2022 - one CGU) and the recoverable amount of the Burcon cash generating unit exceeded the carrying amount, and therefore no impairment charge has been recognized.

9. **Secured Loan**

In June 2022, Burcon entered into a loan agreement with Large Scale Investments Limited ("Large Scale"), a wholly-owned subsidiary of Firewood Elite Limited ("Firewood"), for a secured loan (the "Secured Loan") of up to $10 million (the "Loan Amount"). Firewood, a related party of Burcon that has significant influence over the Company, is wholly-owned by Mr. Alan Chan, a director of the Company.

The Secured Loan is available to Burcon in two tranches of $5 million each upon satisfaction of certain conditions with respect to each tranche. The first tranche's closing date was June 22, 2022 and has a maturity date of July 1, 2024. If certain conditions of the second tranche have been met, it will have a maturity date that is 24 months from the closing date of such tranche (in each case, the "Maturity Date"). The drawn portion of the Loan Amount bears interest at 8% per annum payable on the Maturity Date of each tranche and is secured by all assets of Burcon. Burcon is to pay a commitment fee of 1% of the undrawn amount of the Loan Amount under each tranche on (i) the closing date of such tranche and (ii) each annual anniversary of the closing date of each tranche. Subsequent to March 31, 2023, Burcon and Large Scale entered into a letter agreement to amend certain conditions to be satisfied by Burcon for the advance of the second tranche. During the year ended March 31, 2023, Burcon paid Large Scale a commitment fee ("Commitment Fee") of $50,000 (2022 - $nil) on closing of the first tranche of the Secured Loan.

During the year ended March 31, 2023, Burcon made drawdowns totalling $5.0 million from the first tranche of the Secured Loan, all of which was outstanding as at March 31, 2023.

Total issue costs of $89,650 related to the Secured Loan, including the Commitment Fee, have been netted against the Loan Amount and accreted over the period to July 1, 2024. During the year ended March 31, 2023, the Company recorded interest expense of $202,031 (2022 - $nil) at an effective interest rate of 9.12% per annum.

(In Canadian dollars)

10. **Shareholders' equity**

a) Capital stock

Authorized
Unlimited number of common shares without par value

Holders of common shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company.

b) Contributed surplus

Contributed surplus comprises the value ascribed to expired warrants and options and forfeited vested options, previously categorized in either warrants or options, as applicable, within shareholders' equity.

c) Options

The Company has a stock option plan in which all directors, officers, employees and consultants of the Company and its subsidiaries are eligible to participate.

At March 31, 2023, 7,161,803 (March 31, 2022 - 5,324,481) options to purchase common stock are outstanding from the stock option plan. These options, when vested under the terms of the plan, are exercisable at prices ranging between $0.23 and $4.89 per common share. An additional 3,711,071 (2022 – 5,548,393) options may be granted in future years under this plan. Unless otherwise determined by the board of directors, the options have a term of up to 10 years from the date of grant. The vesting terms are determined at the discretion of the board of directors at the time of grant. All grants are recognized using graded vesting, with each vesting tranche being valued separately, and the fair value of each tranche recognized over its respective vesting period.

	2023		**2022**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding - Beginning of year	5,324,481	2.36	4,949,106	2.63
Granted	2,320,000	1.02	1,245,000	1.64
Exercised	-	-	(264,299)	0.74
Forfeited/cancelled	(266,178)	2.11	(505,326)	3.10
Expired	(216,500)	4.16	(100,000)	7.54
Outstanding - End of year	7,161,803	1.88	5,324,481	2.36

(In Canadian dollars)

The following table summarizes information about stock options outstanding and exercisable at March 31, 2023:

	Options outstanding			Options exercisable	
Range of exercise prices $	**Number outstanding at March 31, 2023**	**Weighted average remaining contractua l life (years)**	**Weighted average exercise price $**	**Number exercisable at March 31, 2023**	**Weighted average exercise price $**
0.23 - 0.69	1,993,334	6.17	0.39	1,080,334	0.38
1.00 - 3.00	4,127,803	5.55	2.04	2,821,793	2.16
4.01 - 4.89	1,040,666	5.07	4.09	773,987	4.05
	7,161,803	5.65	1.88	4,676,114	2.06

The fair value of each option is estimated as at the date of grant or other measurement date using the Black-Scholes option pricing model and the following weighted average assumptions:

	2023	**2022**
Dividend yield	0.0%	0.0%
Expected volatility	85.5%	81.9%
Risk-free interest rate	3.6%	1.7%
Expected forfeitures	6.8%	6.6%
Expected average option term (years)	5.8	5.8

The expected volatility and expected forfeitures are based on historical volatility and forfeitures. The risk-free rate of return is the yield on a zero-coupon Canadian treasury bill of a term consistent with the expected average option term. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

The weighted average fair value of the options granted during the year ended March 31, 2023 was $0.25 (2022 - $1.13) per option.

Included in research and development expenses is $584,925 (2022 - $403,695) (note 11) and in general and administrative expenses (salaries and benefits) is $553,823 (2022 - $1,031,983) (note 12) of options stock-based compensation. Included in deferred development costs is $nil (2022 - $524,947) of options stock-based compensation.

(In Canadian dollars)

d) Restricted Share Units ("RSU") Plan

The Company has a RSU plan in which all directors, officers, employees and consultants of the Company and its subsidiaries are eligible to participate. Each RSU is intended to be redeemable for one common share of the Company but, at the election of the Company, may be redeemed for cash in the amount equal to the market value of the Company's shares on vesting date, or a common share acquired by the Company on a public exchange. The RSUs must be redeemed no later than December 31st of the third year after the date of grant. The vesting terms are determined at the discretion of the board of directors at the time of grant. The fair value of the grants is determined on the date of grant and is recognized using graded vesting, with each vesting tranche being valued separately, and the fair value of each tranche recognized over its respective vesting period.

(number of RSUs)	**2023**	**2022**
Outstanding – beginning of year	118,000	-
Granted	307,181	121,000
Redeemed	(1,844)	-
Forfeited / cancelled	(14,156)	(3,000)
Outstanding – end of year	409,181	118,000

RSUs are measured at fair value based on the closing price of our common shares for the day preceding the date of the grant. The weighted average fair value of RSUs granted during the year ended March 31, 2023 was $0.43 (2022 - $1.35) per RSU.

Included in research and development expenses is $84,882 (2022 - $nil) (note 11) and in general and administrative expenses (salaries and benefits) is $33,036 (2022 - $nil) (note 12) of RSU stock-based compensation.

(In Canadian dollars)

11. **Research and development**

	2023	**2022**
Salaries and benefits (note 10)	1,935,502	2,418,468
Intellectual property	946,355	2,049,357
Amortization of deferred development costs	421,503	105,375
Laboratory operation	344,105	325,973
Depreciation of property and equipment	208,746	236,021
Rent	178,645	139,862
Analyses and testing	74,392	74,983
Travel and meals	15,901	-
Inventory written off to research and development	-	132,186
Gross research and development expenses	4,125,149	5,482,225
Allocated to deferred development costs	-	(2,188,779)
Net research and development expenses	4,125,149	3,293,446

For the year ended March 31, 2023, salaries and benefits, intellectual property, laboratory operation, analyses and testing, travel and meals expenses have been reduced by PIC funding of $448,101 (2022 - $nil).

For the year ended March 31, 2023, salaries and benefits and rent expenses were reduced by COVID-19 subsidies of $nil (2022 - $225,309) from the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy programs ("CERS). The CEWS and CERS programs were terminated in October 2021.

As Merit Foods began producing its own samples after completion of the Flex Production Facility to provide to its customers, Merit Foods no longer required Burcon to supply samples. As a result, Burcon wrote off its pea and canola inventory on-hand during the year ended March 31, 2022.

12. **General and administrative**

	2023	**2022**
Salaries and benefits (note 10)	2,205,624	2,493,640
Professional fees	613,489	714,661
Office supplies and services	415,209	351,893
Investor relations	350,566	499,086
Travel and meals	94,762	40,504
Transfer agent and filing fees	48,443	91,856
Depreciation	30,741	36,700
Other	4,469	6,311
Financing expense	731	40,952
	3,764,034	4,275,603

(In Canadian dollars)

For the year ended March 31, 2023, salaries and benefits have been reduced by $nil (2022 - $114,864) from COVID-19 subsidies received from the CEWS program.

13. Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

	2023	**2022**
Loss for the year, being loss attributable to common shareholders – basic and diluted	(25,364,250)	(10,258,407)
	Shares	**Shares**
Weighted average common shares – basic and diluted	108,728,742	108,588,454
Basic and diluted loss per share	(0.23)	(0.09)

For the years ended March 31, 2023 and 2022, the Company excluded all potential common share equivalents from the diluted loss per share calculation as they were anti-dilutive.

14. Related party transactions

Burcon had the following transactions with Regent Park Realty Inc., a company that is controlled by an entity with a common director (and also with common officers prior to September 1, 2021) with the Company. One of these directors also has indirect significant influence over the Company.

- For the year ended March 31, 2023, included in general and administrative expenses (other expenses) is $1,145 (2022 - $2,834) for administrative services provided to the Company. At March 31, 2023, $248 (March 31, 2022 - $522) of this amount is included in accounts payable and accrued liabilities. For the year ended March 31, 2023, included in management fee income is $145 (2022 - $3,931) for legal and accounting services provided by the Company.

Burcon had a services agreement (the “Services Agreement”) with Merit Foods to provide technical, administrative and general management services, research and analytical services and sample production services based on rates set out in the Services Agreement. Merit Foods also provided certain technical and consulting services to Burcon. See note 7 for details.

During the year ended March 31, 2023, Burcon made drawdowns totalling $5.0 million (2022 - $nil) from the first tranche of the Secured Loan (note 9). Burcon paid a commitment fee of $50,000 (2022 - $nil) to Large Scale on closing of the first tranche of the Secured Loan and recorded $202,031 (2022 - $nil) of interest expense related to the Secured Loan.

(In Canadian dollars)

15. **Key management compensation**

Key management includes the Company's CEO and CFO. Remuneration of directors and key management personnel comprises:

	2023	2022
Short-term benefits	729,168	726,158
Option-based awards	301,345	758,013
	1,030,513	1,484,171

Short-term benefits comprise salaries, director fees and employment benefits.

Option-based awards represent the cost of the group of senior management and directors' participation in the incentive stock option plan. The costs are measured by the fair value of instruments granted, accounted for in accordance with IFRS 2, Share-based Payment. For details of these plans refer to note 10 to these consolidated financial statements.

16. **Income taxes**

The recovery of income taxes differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates to loss for the years as follows:

	2023	2022
Recovery of income taxes based on the combined statutory income tax rate of 27.0% (2022 – 27.0%)	(6,848,000)	(2,819,000)
Changes in unrecognized deferred tax assets	1,692,000	2,520,000
Deconsolidation of Burcon Holdings	4,619,000	-
Non-deductible items and tax adjustments	537,000	299,000
Recovery of income taxes	-	-

As at March 31, 2023 the Company has non-capital losses of approximately $75,771,000 (2022 - $70,041,000) available to reduce taxable income in future years. These losses expire as follows:

(In Canadian dollars)

2026	800,000
2027	1,124,000
2028	1,344,000
2029	1,596,000
2030	2,691,000
2031	4,358,000
2032	5,327,000
2033	4,606,000
2034	5,507,000
2035	5,623,000
2036	4,895,000
2037	4,612,000
2038	5,303,000
2039	5,215,000
2040	4,472,000
2041	5,715,000
2042	6,701,000
2043	5,882,000
	75,771,000

In addition, the Company has SR&ED expenditures of approximately $15,773,000 available to carry forward indefinitely. ITCs of $4,446,000 may be used to offset deferred income taxes otherwise payable and expiring between 2023 and 2043. For the year ended March 31, 2023, included in interest and other income is $57,400 (2022 - $26,990) of refundable ITCs, of which $43,262 is included in amounts receivable at March 31, 2023 (2022 - $26,990). The tax effects of temporary differences that give rise to deferred income tax assets are as follows:

	2023	**2022**
Deferred income tax assets (liability)		
SR&ED expenditures	4,247,000	4,132,000
Losses from operations carried forward	20,457,000	18,910,000
Investment in Merit Foods	-	(59,000)
Deferred development costs	(1,347,000)	(1,294,000)
Financing costs	106,000	167,000
Property and equipment	363,000	298,000
Right-of-Use assets/liability	7,000	(14,000)
Unrecognized deferred income tax assets	23,833,000	22,140,000

Management believes the realization of income tax benefits related to these losses and other potential deferred income tax assets is uncertain at this time and cannot be viewed as probable. Accordingly, the Company has not recognized these deferred income tax assets.

17. **Financial instruments**

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, amounts receivable, loans receivable and investment in associates.

The Company's cash may comprise interest-bearing savings instruments with Canadian chartered banks. The Company limits its exposure to credit loss by placing its cash with two Canadian chartered banks.

The carrying amounts of financial assets represent the maximum credit exposure.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of its customers. The Company's credit risk is unfavorable as it faced significant losses following its sole customer being placed in receivership, resulting in impairment of amounts receivable attributable to Merit Foods and loans to Merit Foods.

The remaining amounts receivable consist of PIC reimbursements, GST receivable, and outstanding ITCs related to SR&ED expenditures. These are government-funded or government-related expenses based on contracts, and do not carry a credit risk.

Expected credit loss on financial assets recognized in statements of operations and comprehensive loss were as follows:

(thousands of Canadian dollars)

	2023	**2022**
Expected credit loss on amounts receivable arising from contracts with customers	178	-
Expected credit losses on loans receivable	4,359	9

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company's financial instruments are non-interest bearing except for cash that earn interest at variable market rates and the secured loan at a fixed rate. The Company is not subject to interest rate risk on its secured loan with Large Scale as the loan is on a fixed rate basis. Burcon's cash is held at two Canadian chartered banks to maximize interest and to diversify risk. For the year ended March 31, 2023, the weighted average interest rate earned on the Company's cash was 2.49% per annum (2022 – 0.42% per annum). The impact of a 1% strengthening or weakening of interest rates on the Company's cash at March 31, 2023 is estimated to be a $15,000 increase or decrease in interest income per year.

(In Canadian dollars)

Liquidity risk

The Company manages liquidity risk through the management of its capital structure (note 18). It also manages liquidity risk by monitoring actual and forecasted cash flows taking into account current and planned operations. Subsequent to March 31, 2023, Burcon completed a private placement for gross proceeds of $3,413,420 (note 20).

March 31, 2023	Carrying amount	Contractual cash flows	1 year	2 years	3-5 years
Accounts payable and accrued liabilities	590,936	590,936	590,936	-	-
Lease liabilities	58,741	129,469	97,881	31,588	-
Secured loan	5,112,381	5,154,959	-	5,154,959	-
	5,762,058	5,875,364	688,817	5,186,547	-

The contractual cash flows of Secured Loan include accrued interest expense payable.

March 31, 2022	Carrying amount	Contractual cash flows	1 year	2 years	3-5 years
Accounts payable and accrued liabilities	906,651	906,651	906,651	-	-
Lease liabilities	73,139	230,791	101,322	97,881	31,588
	979,790	1,137,442	1,007,973	97,881	31,588

Fair value

The fair value of the Company's short-term financial assets and financial liabilities, including cash, restricted cash, amounts receivable, accounts payable and accrued liabilities approximates their carrying values due to the short-term maturities of these financial instruments.

The fair value of the investment in Burcon Holdings is a level 3 fair value and was estimated based on expectation of recoverability of the asset, operations or earnings in the future (refer Note 7).

The carrying values and fair values of financial instruments, by class, are as follows as at March 31, 2023 and 2022:

As at March 31, 2023

	At fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Financial assets	$	$	$	$
Cash	-	1,456,845	-	1,456,845
Amounts receivable	-	332,118	-	332,118
Investment in Burcon Holdings (note 7)	-	-	-	-
Total	**-**	**1,788,963**	**-**	**1,788,963**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	590,936	590,936
Secured loan	-	-	5,112,381	5,112,381
Total	**-**	**-**	**5,703,317**	**5,703,317**

As at March 31, 2022

	At fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Financial assets	$	$	$	$
Cash	-	7,000,824	-	7,000,824
Restricted cash	-	122,707	-	122,707
Amounts receivable	-	200,342	-	200,342
Loans to Merit Foods	-	3,228,207	-	3,311,207
Total	**-**	**10,552,080**	**-**	**10,635,080**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	906,651	906,651
Deferred revenue	-	-	122,707	122,707
Total	**-**	**-**	**1,029,358**	**1,029,358**

Currency risk

The Company has not hedged its exposure to currency fluctuations. As at March 31, 2023 and 2022, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars:

(In Canadian dollars)

		March 31, 2023		March 31, 2022
U.S. Dollars				
Cash	$	101,127	$	69,402
Accounts payable and accrued liabilities		(24,402)		(5,504)
Net exposure	$	76,725	$	63,898
Canadian dollar equivalent	$	103,833	$	79,847

Based on the above net exposure at March 31, 2023, a 10% appreciation or depreciation of the U.S. dollar against the Canadian dollar would have resulted in a decrease/increase of approximately $8,000 (2022 - $6,000) in the Company's loss from operations.

18. **Capital disclosures**

The Company considers its capital to be its shareholders' equity.

The Company manages its capital structure to have sufficient resources available to meet day-to-day operating requirements, continue as a going concern and fund its research and development program. The Company is dependent on non-operating sources of cash, primarily from issuing equity and debt, to fund its operations and research development programs. The Company monitors its capital and the expected cash flows required to achieve its business objectives to determine its future financing needs. It seeks additional capital when deemed appropriate, but there is no assurance that it will be able to secure the necessary capital when required.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended March 31, 2023.

19. **Segment information**

The Company operates in a single reportable operating segment and geographic location involving the development of plant-based proteins. All non-current assets are located in Canada.

All revenues are generated in Canada.

20. **Subsequent event**

Subsequent to March 31, 2023, The Company completed a private placement of 12,880,829 units ("Unit") at $0.265 per unit, for gross proceeds of $3,413,420. Each Unit consists of one common share and one share purchase warrant exercisable at $0.35 for one common share for a period of 36 months from the date of issuance of the Units.