

# **Burcon NutraScience Corporation**

Consolidated Financial Statements

**March 31, 2026 and 2025**

(in Canadian dollars)



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Burcon NutraScience Corporation

### ***Opinion***

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

- the consolidated statements of financial position as at March 31, 2026 and March 31, 2025
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' (deficiency) equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material 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, 2026 and March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***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, 2026, the Entity has incurred a net loss, negative working capital, generated negative cashflows from operations, 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, 2026. 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 the initial determination and measurement of the fair value of the liability component of convertible notes with pre-funded warrants***

#### ***Description of the matter***

We draw attention to Notes 3(g), 3(m) and 13 to the financial statements. In the year ended March 31, 2026, the Entity had an offering of a non-brokered private placement of convertible notes. Certain holders have the option to convert their convertible notes, in whole or in part, into pre-funded warrants of the Entity. The Entity determined that these convertible notes with the option to convert into pre-funded warrants are classified in their entirety as a financial liability and the Entity estimated the initial fair value of these convertible notes to be \$700,000. The determination of the initial fair value of these convertible notes involves certain assumptions and estimations such as the volatility of the Entity's future share price, risk-free rate and expected life of the convertible notes.

#### ***Why the matter is a key audit matter***

We identified the evaluation of the initial determination and measurement of the fair value of the liability component of convertible notes with pre-funded warrants as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the balance and the high degree of estimation uncertainty in determining the fair value of these convertible notes. In addition, significant auditor judgment and specialized skills and knowledge were required in performing and evaluating the results of our audit procedures due to the sensitivity of the fair value to changes in certain significant assumptions.



### ***How the matter was addressed in the audit***

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

- We evaluated the contractual terms and conditions that were used by the Entity to determine the classification of these convertible notes
- We involved valuation professionals with specialized skills and knowledge, who assisted in developing an independent expectation for the fair value of the convertible notes for comparison to management's estimate.

### ***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 of Financial Condition and Results of Operations 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 IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- 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 24, 2026

# BURCON NUTRASCIENCE CORPORATION

## Consolidated Statements of Financial Position

As at March 31, 2026 and March 31, 2025

(In Canadian dollars)

	Notes	March 31, 2026	March 31, 2025
<b>Assets</b>			
Current assets			
Cash		950,530	7,275,972
Amounts receivable and other receivables		702,484	131,974
Inventory	6	527,745	201,145
Prepaid expenses		243,192	191,390
		2,423,951	7,800,481
Long-term deposit	4	893,845	853,943
Property and equipment	7	1,640,445	961,418
Right-of-use assets	4, 8	12,247,753	14,834,751
Deferred development costs	9	4,531,145	4,952,647
Goodwill	10	1,254,930	1,254,930
<b>Total assets</b>		<b>22,992,069</b>	<b>30,658,170</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		2,074,320	1,271,743
Current portion of lease liabilities	4, 11	2,314,261	890,566
Current portion of secured loan	12	8,550,208	2,085,567
Deferred revenue and government assistance		73,180	46,870
		13,011,969	4,294,746
Lease liabilities	4, 11	13,314,314	13,627,713
Secured loan	12	-	5,792,049
Convertible notes	13	2,225,208	-
Derivative liability	13	238,903	-
<b>Total liabilities</b>		<b>28,790,394</b>	<b>23,714,508</b>
<b>Shareholders' (deficiency) equity</b>			
Capital stock	14	131,614,299	131,581,539
Contributed surplus	14	20,462,210	19,216,437
Options	14	4,881,313	5,748,320
Warrants	14	825,415	670,019
Equity component of convertible notes	13	1,053,696	-
Restricted share units	14	9,597	37,553
Foreign currency translation reserve		(80,178)	1,080
Deficit		(164,564,677)	(150,311,286)
<b>Total shareholders' (deficiency) equity</b>		<b>(5,798,325)</b>	<b>6,943,662</b>
<b>Total liabilities and shareholders' (deficiency) equity</b>		<b>22,992,069</b>	<b>30,658,170</b>
Going concern	1		
Subsequent events	12, 13		

Approved by the Board of Directors

“Peter Kappel”

Director

“Philip Dowad”

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, 2026 and 2025**

(In Canadian dollars)

	<b>Notes</b>	<b>2026</b>	<b>2025</b>
Revenue	15	2,264,670	381,396
Cost of sales	16	9,701,706	1,252,160
Research and development	17	1,045,718	3,049,070
General and administrative	18	2,893,394	3,779,599
<b>Loss from operations</b>		<b>(11,376,148)</b>	<b>(7,699,433)</b>
Interest and other income		138,665	82,077
Interest and other expenses	11, 12, 13	(3,366,928)	(668,754)
Unrealized gain (loss) on derivative liability	13	80,094	-
Foreign exchange (loss) gain		(118,945)	21,323
<b>Loss before income tax</b>		<b>(14,643,262)</b>	<b>(8,264,787)</b>
Deferred income tax recovery	22	389,871	-
<b>Net loss</b>		<b>(14,253,391)</b>	<b>(8,264,787)</b>
Other comprehensive gain			
Foreign currency translation adjustment		(81,258)	1,080
<b>Total comprehensive loss</b>		<b>(14,334,649)</b>	<b>(8,263,707)</b>
<b>Basic loss per share</b>	19	<b>(1.12)</b>	<b>(1.06)</b>
<b>Diluted loss per share</b>	19	<b>(1.13)</b>	<b>(1.06)</b>

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

## BURCON NUTRASCIENCE CORPORATION

### Consolidated Statements of Changes in Shareholders' (Deficiency) Equity Years ended March 31, 2026 and 2025

(In Canadian dollars, except share amounts)

	Number of fully paid common shares	Capital stock	Contributed surplus	Options	Warrants	Restricted share units	Equity component of convertible notes	Deficit	Foreign currency translation reserve	Total shareholders' (deficiency) equity
<b>Balance, March 31, 2024</b>	7,104,451	122,069,825	17,283,934	7,436,262	237,201	172,776	-	(142,046,499)	-	5,153,499
Net loss	-	-	-	-	-	-	-	(8,264,787)	-	(8,264,787)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	1,080	1,080
Rights Offering	5,549,306	9,433,821	-	-	-	-	-	-	-	9,433,821
Issue costs	-	(230,921)	-	-	(8,552)	-	-	-	-	(239,473)
Options exercised	26,500	143,847	-	(29,897)	-	-	-	-	-	113,950
Options expired	-	-	604,875	(604,875)	-	-	-	-	-	-
Options forfeited / cancelled	-	-	1,327,628	(1,327,628)	-	-	-	-	-	-
Restricted share unit redeemed	7,819	164,967	-	-	-	(164,967)	-	-	-	-
Stock-based compensation expense	-	-	-	274,458	441,370	29,744	-	-	-	745,572
<b>Balance, March 31, 2025</b>	12,688,076	131,581,539	19,216,437	5,748,320	670,019	37,553	-	(150,311,286)	1,080	6,943,662
Net loss	-	-	-	-	-	-	-	(14,253,391)	-	(14,253,391)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(81,258)	(81,258)
Private placement	-	-	-	-	-	-	1,479,840	-	-	1,479,840
Deferred income tax	-	-	-	-	-	-	(389,871)	-	-	(389,871)
Issue costs	-	-	-	-	-	-	(36,273)	-	-	(36,273)
Options expired	-	-	310,662	(310,662)	-	-	-	-	-	-
Options forfeited / cancelled	-	-	935,111	(935,111)	-	-	-	-	-	-
Restricted share unit redeemed	4,200	32,760	-	-	-	(32,760)	-	-	-	-
Stock-based compensation expense	-	-	-	378,766	155,396	4,804	-	-	-	538,966
<b>Balance, March 31, 2026</b>	12,692,276	131,614,299	20,462,210	4,881,313	825,415	9,597	1,053,696	(164,564,677)	(80,178)	(5,798,325)

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

## BURCON NUTRASCIENCE CORPORATION

### Consolidated Statements of Cash Flows Years ended March 31, 2026 and 2025

(In Canadian dollars)

	2026	2025
<b>Cash flows from operating activities</b>		
Net loss	(14,253,391)	(8,264,787)
Adjustments for:		
Depreciation expense	1,190,715	412,944
Amortization of deferred development costs	421,502	421,502
Stock-based compensation expense	538,966	745,572
Interest and other expense	3,366,928	668,754
Interest and other income	(138,665)	(82,077)
Write-down of inventory to net realizable value	4,188,806	541,823
Unrealized (gain) loss on derivative liability	(80,094)	-
Unrealized foreign exchange loss (gain)	99,203	(24,872)
Loss on disposition of property and equipment	22,375	-
Deferred income tax recovery	(389,871)	-
Interest expense paid	(992,721)	(53,435)
	(6,026,247)	(5,634,576)
Changes in non-cash working capital items:		
Amounts receivable and other receivables	(567,801)	396,260
Inventory	(3,390,398)	(667,698)
Prepaid expenses	(54,670)	140,455
Accounts payable and accrued liabilities	850,840	455,783
Deferred revenue and government assistance	25,136	(203,130)
<b>Net cash used in operating activities</b>	<b>(9,163,140)</b>	<b>(5,512,906)</b>
<b>Cash flows from investing activities</b>		
Interest income received	73,369	82,077
Acquisition of property and equipment	(956,758)	(303,474)
Security deposit paid on lease	-	(1,437,600)
<b>Net cash flows used in investing activities</b>	<b>(883,389)</b>	<b>(1,658,997)</b>
<b>Cash flows from financing activities</b>		
Issuance of capital stock and warrants	-	9,410,928
Issuance of convertible notes	3,314,700	-
Issue costs of capital stock, warrants, convertible notes and secured loan	(133,057)	(236,118)
Proceeds of short-term loans	1,177,190	1,215,040
Repayment of short-term loans	(479,080)	(212,820)
Options exercised	-	113,950
Payment of lease principal	(29,397)	(65,629)
<b>Net cash flow from financing activities</b>	<b>3,850,356</b>	<b>10,225,351</b>
Foreign exchange gain (loss) on cash	(129,269)	25,383
<b>(Decrease) Increase in cash</b>	<b>(6,325,442)</b>	<b>3,078,831</b>
<b>Cash, beginning of year</b>	<b>7,275,972</b>	<b>4,197,141</b>
<b>Cash, end of year</b>	<b>950,530</b>	<b>7,275,972</b>

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

# **BURCON NUTRASCIENCE CORPORATION**

Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

## **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 period 12 months from the date of approval of these consolidated financial statements.

The Company has incurred losses since its inception and as at March 31, 2026, had an accumulated deficit of \$164.5 million (2025 - \$150.3 million) and negative working capital of \$10.6 million (2025 – positive working capital of \$3.5 million). During the year ended March 31, 2026, the Company incurred a net loss of \$14.3 million (2025 - \$8.3 million) and had negative cash flow from operations of \$9.2 million (2025 - \$5.5 million). Subsequent to March 31, 2026, the Company closed the final tranche of the private placement of convertible notes raising gross proceeds of \$2.9 million (Note 13) and extended the maturity of the first tranche of the secured loan (Note 12).

The Company’s ability to continue as a going concern is dependent upon the Company’s ability to successfully commercialize its technologies, scale production, generate revenue and raise additional capital. The Company has historically relied on equity and debt financings to fund its operations. While the Company is considering various financing options for its short-term and long-term liquidity requirements, 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 commercialization efforts, production, or 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 and adjustments to revenues and expenses that would be necessary if the Company was unable to continue as a going concern and such adjustments could be material.

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

## 2. Nature of operations and basis of presentation

Burcon is headquartered in Vancouver, British Columbia, Canada. The Company's common shares are traded on the Toronto Stock Exchange ("TSX") and under the symbol "BU".

Burcon is a plant protein technology company that has developed high purity and functional proteins for foods and beverages derived from pea, canola, soy, hemp, sunflower seeds, among other plant sources.

The following entities have been consolidated within Burcon's consolidated financial statements for the years ended March 31, 2026 and 2025:

<b>Subsidiaries</b>	<b>Country</b>	<b>Functional Currency</b>	<b>% Interest</b>
Burcon NutraScience Corporation	Canada	Canadian Dollar	Parent company
Burcon NutraScience (MB) Corp.	Canada	Canadian Dollar	100%
Burcon NutraScience (US) Corp.	United States	US Dollar	100%

### **Basis of presentation**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These consolidated financial statements are recorded and presented in Canadian dollars (\$), which is the Company's functional currency.

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

The Company has consistently applied the same accounting policies throughout all periods presented. The board of directors approved these consolidated financial statements on June 24, 2026.

## 3. Material accounting policies

### **a) Revenue recognition**

The Company has multiple revenue streams and revenue is recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services:

- Revenue from the sale of products is recorded at the point of sale, when the customer assumes control of the products as defined in the terms of the agreement with the customer.
- Revenue associated with contract research services are recognized when the services are rendered.
- Revenue associated with contract manufacturing services are recognized when the contracted product is produced and meets quality specifications.

# **BURCON NUTRASCIENCE CORPORATION**

Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

## **b) Cash**

Cash consists of cash balances at bank and deposits with an original maturity of three months or less.

## **c) Inventory**

Inventory is comprised of proteins, raw materials and spare parts. Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The cost of inventory is determined on a weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The reversal of previous write-downs to inventory is permitted when there is a subsequent increase to the value of inventory to the lower of cost and net realizable value.

## **d) Government assistance**

Government assistance related to current expenses, including from Protein Industries Canada (“PIC”), is recognized in the consolidated statement of operations and comprehensive loss over the period in which the Company recognizes the expense for which the government assistance is intended to compensate. Government assistance related to property and equipment or inventory is recorded as a reduction of the cost of the respective asset.

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.

## **e) 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.

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

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(In Canadian dollars)

## **f) Impairment of long-lived assets**

The Company assesses at each reporting date whether there are indicators of impairment of an asset or CGU. If any indication exists, or when annual goodwill impairment testing is performed, the Company estimates the recoverable amount for an individual asset or CGU, 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. 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. Impairment losses are recognized in consolidated statements of operations and comprehensive loss.

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. Impairment losses relating to goodwill cannot be reversed in future periods. Impairment reversals are recognized in consolidated statements of operations and comprehensive loss.

## **g) Financial instruments**

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

Financial assets carried at amortized cost, which include amounts receivables, are initially recognized at the amount expected to be received, less a provision for the expected credit loss. Long-term deposits are initially recognized at fair value. 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, amounts receivable, and long-term deposit as financial assets carried at amortized cost.

Financial liabilities classified at amortized cost are initially recognized at fair value, less transaction costs and are subsequently carried at amortized cost using the effective interest method. The Company classifies its accounts payable and accrued liabilities, the secured loan and convertible notes as financial liabilities carried at amortized cost.

Financial assets and liabilities classified as FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value are recognized in the period in which they arise. The Company classifies its derivative liability as a financial liability carried as FVTPL.

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:

# BURCON NUTRASCIENCE CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

- 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).

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.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position 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.

Transaction costs of an equity transaction are accounted for as a deduction from equity and transaction costs for a financial instrument recognized at FVTPL are immediately expensed.

### **h) Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and impairment losses.

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 shorter of initial lease term and estimated useful life
Right-of-use assets	Straight-line over shorter of initial lease term and estimated useful life

### **i) 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 Company begins amortization of development costs when the assets are put into use. 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.

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

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(In Canadian dollars)

## **j) 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.

## **k) Stock-based compensation**

Stock-based compensation expense relates to stock options, warrants and equity settled restricted share units (“RSUs”). The compensation cost for transactions with employees is measured at the fair value of the equity instrument granted at the date of grant and is expensed in consolidated statements of operations and comprehensive loss 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 14(c).

Share-based payment arrangements, including stock-options and warrants, with non-employees in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payments transactions. The share-based payments are measured based on the fair value of the goods or services received if the fair value can be reliably measured. Otherwise, the share-based payments are measured based on the fair value of the share-based awards using the expected life, risk free interest rate, volatility, exercise price, and fair value of the underlying equity instrument at the time the goods or services are received.

## **l) Foreign currency translation and transactions**

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates in effect during the period. Adjustments resulting from these translations are reflected in total comprehensive loss as foreign currency translation adjustments.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the transaction rate. Foreign exchange gains and losses arising from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in a currency other than the Company’s functional currency at period-end exchange rates, are recognized in the consolidated statement of operations and comprehensive income.

# BURCON NUTRASCIENCE CORPORATION

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## **m) Accounting estimates and judgements**

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to apply judgement in applying accounting policies. The judgements that have the most significant effect on the amounts recognized in the consolidated financial statements are outlined below. In addition, IFRS Accounting Standards 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, 2026 that have a risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next year.

### *Areas of judgement*

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, which 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 commercialize its technology, scale production, and generate revenues. The Company may require additional capital. Certain judgements were made when determining if and when the Company will successfully implement its commercialization, production and sales efforts, and to raise capital if required.

#### Determination of CGUs (Notes 7, 8, 9 and 10)

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 judgement. 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, right-of-use assets, deferred development costs and goodwill (Notes 7, 8, 9 and 10)

Judgement is required in assessing whether there are indicators of impairment of long-lived assets. The Company tests property and equipment, right-of-use assets and deferred development costs for impairment whenever events or circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. The information management considered in its assessment of indicators of impairment included plant-based protein market information, the Company's market capitalization, and other internal sources of information.

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

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## *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:

### Useful lives of property and equipment, right-of-use assets and deferred development costs (Notes 7, 8 and 9)

Depreciation of property and equipment and right-of-use assets 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, right-of-use assets and deferred development costs are reasonable, changes in estimates could occur that could affect the expected useful lives and salvage values of the property and equipment and intangible assets.

### Goodwill impairment assessment (Note 10)

The Company determines the recoverable amount of its CGU 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.

### Lease discount rate (Notes 4, 8, and 11)

At the commencement date of a lease, the Company measures the lease liability at the present value of future lease payments, discounted using the interest rate implicit in the lease when the interest rate implicit in the lease can be readily determined. If the implicit rate is not readily determinable, the Company applies its incremental borrowing rate ("IBR"). The IBR reflects the rate of interest that the Company would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a comparable economic environment.

Determining the IBR requires the application of significant judgement, particularly in the absence of observable market rates. The Company estimates the IBR for each lease by considering the terms and conditions of the lease including lease term, type of asset and the amount needed to obtain an asset of a similar value to the right-of-use asset arising from the lease, and the economic environment in which the lease is executed. Changes in the assumptions used to determine the IBR could result in material differences in the measurement of lease liabilities and corresponding right-of-use assets.

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

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## Share-based payments (Note 14)

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, and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in different outcomes.

## Convertible Notes (Note 13)

At issuance of the notes convertible into common shares, the Company measures the host liability fair value as the present value of future payments of principal and interest discounted at the comparable market rate of debt that does not include the conversion features for the Company. Determining the discount rate requires the application of significant judgment, particularly in the absence of observable market rates. The Company estimates the discount rate for each tranche of the convertible debt by market conditions, terms of the convertible notes, and credit risk of the Company. The equity component is measured as the residual amount of the proceeds after deducting the fair value assigned to the host liability. Changes in the assumptions used to determine the discount rate could result in material differences in the measurement of the financial liability of the convertible notes and the corresponding equity component of convertible notes.

At issuance of the notes convertible into pre-funded warrants, the PF Warrant Conversion Option (defined in Note 13) is classified as a financial liability recognized at FVTPL and the Company uses the Partial Differential Equation to determine the fair value of the compound instrument. Management determined that the fair value of the compound instrument and the host liability are more reliably measured than that of the derivative liability. Accordingly, these values were used by the Company to indirectly determine the fair value of the derivative liability. In estimating the fair value, management is required to make certain assumptions and estimations such as the volatility of the Company's future share price, risk free rate, and expected life of the convertible notes. Changes in assumptions used to estimate fair value could result in different outcomes.

## **n) Accounting standard and amendments issued and not yet adopted**

### *IFRS 18 – Presentation and disclosure in financial statements*

In April 2024, the International Accounting Standards Board (“IASB”) issued IFRS 18 Presentation and Disclosure in Financial Statements to replace IAS 1 Presentation of Financial Statements and is effective to annual periods beginning on or after January 1, 2027 with early adoption permitted. IFRS 18 introduces a defined structure for the presentation of the consolidated statement of operations and comprehensive loss, including required totals and subtotals and aggregating and disaggregating principles to categorize financial information. The standard also requires all Management-defined performance measures to be disclosed in the notes to the consolidated financial statements. The Company is currently assessing the impact of this new standard on the consolidated financial statements.

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Notes to Consolidated Financial Statements

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## *Amendments to IFRS 9 – financial instruments and IFRS 7 – financial instruments: disclosures*

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments which amended IFRS 9 and IFRS 7 and will be effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments are related to settling financial liabilities using electronic payments systems, and assessing contractual cash flow characteristics of financial assets with contingent features and when these features can be considered consistent with a basic lending agreement, in which case the instrument can be measured at amortized cost. The Company is currently assessing the impact of the amendments on the consolidated financial statements and does not currently expect there to be a material impact.

## **4. Protein Production Facility**

On February 2, 2025, Burcon entered into the Manufacturing Agreement with RE ProMan LLC (“ProMan”) for the right to use and operate a protein production facility (the “Protein Production Facility”). Burcon began operating the Protein Production Facility on March 10, 2025. The key terms of the Manufacturing Agreement are as follows:

- ProMan will purchase the Protein Production Facility, including incremental capital equipment;
- Burcon has exclusive access to 100% of the manufacturing capacity for production of Burcon’s plant protein portfolio;
- Burcon to use ProMan as its exclusive manufacturer for its protein products;
- Burcon to produce and sell its entire portfolio of plant proteins;
- Seven-year term Manufacturing Agreement, after which Burcon and ProMan will negotiate and enter into a ten-year lease agreement at market lease rates;
- Burcon to pay ProMan an annual production fee and reimburse ProMan for its operating costs during the seven-year term; and
- ProMan has granted Burcon a right of first refusal to purchase the facility in the event ProMan desires to sell the facility.

In accordance with the Manufacturing Agreement, Burcon will pay ProMan an aggregate fixed fee of US \$19.8 million (CA \$27.6 million) of which \$932,153 was paid in the year ended March 31, 2026 (2025 - \$nil). Refer to Note 23 for disclosure of the timing of contractual commitments.

In March 2025, Burcon paid a security deposit to ProMan of US \$1 million (CA \$1.4 million), which is non-interest bearing and was recorded as a long-term deposit. The difference between the fair value and nominal value is included in right-of-use assets. In the year ended March 31, 2026, the Company accreted interest income on this deposit of \$65,296 (2025 - \$nil).

The Manufacturing Agreement provides Burcon with the right to direct the use of and obtain substantially all the economic benefits from the Protein Production Facility and accordingly is accounted for as a lease in accordance with IFRS Accounting Standards (refer to Notes 8 and 11). The lease term is seven years as the probability of Burcon and ProMan negotiating the following ten-year

# BURCON NUTRASCIENCE CORPORATION

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lease agreement is not considered reasonably certain. The lease payments are comprised of the annual production fee and do not include payment of the security deposit or operating cost reimbursements. The operating cost reimbursements are expensed in the period that the services are incurred.

The lease liability was measured at the present value of future lease payments, discounted using the incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. Management determined the incremental borrowing rate for the lease to be 17.3% by considering the terms and conditions of the lease including lease term, type of asset and the amount needed to obtain an asset of a similar value to the right-of-use asset arising from the lease, and the economic environment in which the lease is executed. The initial measurement of the lease liability issued in exchange for the right-of-use asset is \$14,340,910. The balance of the lease liability as at March 31, 2026 is \$15,620,319 (2025 - \$14,427,910).

Refer to Note 20 for discussion of the related party nature of the Manufacturing Agreement.

### 5. Protein Industries Canada

Protein Industries Canada (“PIC”) is an industry-led, not-for-profit organization committed to positioning Canada as a global source of high-quality plant protein ingredients.

During the year ended March 31, 2024, Burcon entered into a collaborative agreement with PIC for the commercialization of hempseed and sunflower seed protein and this agreement concluded on May 13, 2025. In the year ended March 31, 2025, Burcon entered into a collaborative agreement with PIC for the commercialization of canola protein and this agreement concluded on March 31, 2026.

During the year ended March 31, 2026, Burcon recorded PIC grants of \$87,708 (2025 - \$697,904) as government assistance against research and development expenses, general and administrative expenses, inventory and property and equipment, of which \$11,156 is included in amounts receivable as at March 31, 2026 (2025 - \$nil). As at March 31, 2026, Burcon had received \$nil in advance payments in respect of eligible expenses to be incurred in subsequent periods, all of which is recorded as deferred government assistance (2025 - \$46,870).

### 6. Inventory

	<b>2026</b>	<b>2025</b>
Protein isolate	174,640	-
Raw materials	298,563	201,145
Spare parts	54,542	-
Balance – end of year	<u>527,745</u>	<u>201,145</u>

For the year ended March 31, 2026, included in the cost of products is a write-down of inventory to net realizable value of \$4,410,094 (2025 - \$541,823).

# BURCON NUTRASCIENCE CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

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### 7. Property and equipment

	Equipment	Computer Equipment	Leasehold Improvements	Total
<b>Cost:</b>				
March 31, 2024	5,137,624	140,998	97,811	5,376,433
Additions	144,230	616	-	144,846
Transfers from right-of-use assets <sup>1</sup>	287,942	-	-	287,942
Foreign translation adjustment	364	-	-	364
March 31, 2025	5,570,160	141,614	97,811	5,809,585
Additions	34,971	2,511	923,197	960,679
Disposals	(40,065)	-	-	(40,065)
Foreign translation adjustment	(12,152)	38	6,533	(5,581)
March 31, 2026	5,552,914	144,163	1,027,541	6,724,618
<b>Accumulated depreciation:</b>				
March 31, 2024	4,334,514	117,536	94,960	4,547,010
Depreciation	261,821	6,802	2,851	271,474
Transfers from right-of-use assets <sup>1</sup>	29,672	-	-	29,672
Foreign translation adjustment	11	-	-	11
March 31, 2025	4,626,018	124,338	97,811	4,848,167
Depreciation	182,820	5,131	68,296	256,247
Disposals	(17,690)	-	-	(17,690)
Foreign translation adjustment	(3,263)	2	710	(2,551)
March 31, 2026	4,787,885	129,471	166,817	5,084,173
<b>Net book value:</b>				
March 31, 2025	944,142	17,276	-	961,418
March 31, 2026	765,029	14,692	860,724	1,640,445

1. Transfers from right-of-use assets consistent of the purchase of previously leased assets.

Management did not identify any impairment indicators as at March 31, 2026.

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Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

## 8. Right-of-use assets

	Office Lease	Property and Equipment	Total
<b>Cost:</b>			
March 31, 2024	135,050	294,344	429,394
Additions	105,268	14,925,972	15,031,240
Transfers to property and equipment <sup>1</sup>	-	(287,942)	(287,942)
Disposals	(135,050)	-	(135,050)
Foreign translation adjustment	-	(56,886)	(56,886)
March 31, 2025	105,268	14,875,488	14,980,756
Change in expected lease term <sup>2</sup>	(52,716)	-	(52,716)
Foreign translation adjustment	-	(451,990)	(451,990)
March 31, 2026	52,552	14,423,498	14,476,050
<b>Accumulated depreciation:</b>			
March 31, 2024	126,470	36,074	162,544
Depreciation	28,318	119,865	148,183
Transfers to property and equipment <sup>1</sup>	-	(29,672)	(29,672)
Disposals	(135,050)	-	(135,050)
March 31, 2025	19,738	126,267	146,005
Depreciation	27,157	2,041,240	2,068,397
Foreign translation adjustment	-	13,895	13,895
March 31, 2026	46,895	2,181,402	2,228,297
<b>Net book value:</b>			
March 31, 2025	85,530	14,749,221	14,834,751
March 31, 2026	5,657	12,242,096	12,247,753

1. Transfers to property and equipment consistent of the purchase of previously leased assets.

2. The change in expected lease term is due to management's change in expectation that the Company is no longer reasonably certain to exercise its option to renew the office lease.

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Notes to Consolidated Financial Statements

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## 9. 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, 2023. Deferred development costs are amortized over the useful life of 15 years.

<b>Cost:</b>	
March 31, 2024, 2025 and 2026	6,322,528
<b>Accumulated amortization:</b>	
March 31, 2024	948,379
Amortization	421,502
March 31, 2025	1,369,881
Amortization	421,502
March 31, 2026	1,791,383
<b>Net book value:</b>	
March 31, 2025	4,952,647
March 31, 2026	4,531,145

## 10. Goodwill

At March 31, 2026 and 2025, the Company had one CGU and the estimated recoverable amount of the Burcon CGU exceeded the carrying amount, and therefore no impairment charge has been recognized.

## 11. Lease liabilities

	<b>2026</b>	<b>2025</b>
Balance, beginning of year	14,518,279	260,845
Additions	-	14,445,351
Interest expense	2,555,831	161,393
Change in expected lease term <sup>1</sup>	(52,716)	-
Principal and interest payments <sup>2</sup>	(965,430)	(294,656)
Foreign translation adjustment	(427,389)	(54,654)
Balance, end of year	15,628,575	14,518,279
Current portion	2,314,261	890,566
Non-current portion	13,314,314	13,627,713
Balance, end of year	15,628,575	14,518,279

1. The change in expected lease term is due to management's change in expectation that the Company is no longer reasonably certain to exercise its option to renew the office lease.

2. Principal and interest payments include the exercise of a purchase option for equipment transferred to plant and equipment for the year ended March 31, 2025.

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Notes to Consolidated Financial Statements

**March 31, 2026 and 2025**

(In Canadian dollars)

## 12. Secured and other loans

### a) 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, had an initial maturity date of July 1, 2024 and an effective interest rate of 8.70%. On August 2, 2023, Burcon and Large Scale extended the maturity date of the first tranche to July 1, 2025. On November 12, 2024, Burcon and Large Scale extended the maturity date of the first tranche to July 1, 2026.

In June 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. The Company met these conditions and the second tranche closed on December 17, 2023, with a maturity date of December 17, 2025 and an effective interest rate of 10.15%. On November 11, 2025, Burcon and Large Scale extended the maturity date of the second tranche to December 17, 2026. As at March 31, 2026, Burcon has access to \$3.0 million (2025 - \$3.0 million) of undrawn capacity on Tranche 2 of the Secured Loan.

The extensions of maturity are non-substantial modifications and the revised carrying amount of the loan has been recalculated by discounting the revised estimated future cash flows at the original effective interest rate of each respective tranche.

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.

The Secured Loan is subject to certain covenants. As at March 31, 2026 and March 31, 2025, the Company was in compliance with these covenants.

Subsequent to March 31, 2026, Burcon and Large Scale agreed to amend the terms of the first tranche to extend the maturity to December 17, 2026 and to amend the interest rate to 15%.

# BURCON NUTRASCIENCE CORPORATION

## Notes to Consolidated Financial Statements

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The Secured Loan is recognized net of transaction costs, inclusive of the commitment fee, and issuance costs are accreted over the term to maturity.

	<b>2026</b>	<b>2025</b>
Balance, beginning of year	7,877,616	6,404,778
Draw downs	-	1,000,000
Interest expense accreted	672,592	472,838
Balance, end of year	8,550,208	7,877,616
Current portion of Secured Loan	8,550,208	2,085,567
Long term portion of Secured Loan	-	5,792,049
	8,550,208	7,877,616

b) Short-term loans

On January 24, 2025 the Company entered into a short-term loan agreement with ProMan for a US \$150,000 (CA \$215,040) loan (the “January 2025 Loan”), which was drawn in full. The January 2025 Loan had a maturity date of February 24, 2025 and was repaid in full on February 20, 2025. The January 2025 Loan carried an annual interest rate of 15%.

On November 7, 2025, the Company entered into a loan agreement with an entity related to a director of Burcon for an unsecured loan (the “November 2025 Loan”) of up to US \$500,000 (CA \$700,000) for a term of the earlier of four months and the completion of the private placement of convertible debentures (see Note 13). The November 2025 Loan bore interest at a rate of 12% per annum payable on the last day of each calendar month and Burcon paid a commitment fee of \$7,000. The November 2025 Loan was fully drawn on November 7, 2025 and was repaid on December 31, 2025 as a reduction of proceeds received from Tranche 1 of the Convertible Notes (Note 13).

On February 9, 2026, the Company entered into a loan agreement with an entity related to a director of Burcon who provided Burcon with an unsecured loan (the “February 2026 Loan”) of up to US\$350,000 (CA\$480,000) for a term of the earlier of 30 days and the completion of the private placement of convertible notes (see Note 13). The February 2026 Loan bears interest at a rate of 12% per annum payable on the last day of each calendar month and a commitment fee of \$2,800. The February 2026 Loan was fully drawn on February 10, 2026 and was repaid on March 2, 2026.

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## 13. Convertible Notes

In the year ended March 31, 2026, the Company had an offering of a non-brokered private placement of convertible notes (the “Convertible Notes”) for an aggregate principal amount of up to \$6.9 million (the “Private Placement”). The Company closed the Private Placement in the following tranches:

- Tranche 1 of the Convertible Notes closed on December 31, 2025 for gross proceeds of \$1.25 million. \$685,300 of the gross proceeds were received by an offset of the November 2025 Loan
- Tranche 2 of the Convertible Notes closed on February 27, 2026 for gross proceeds of \$2.75 million
- Tranche 3 of the Convertible Notes closed on April 24, 2026 for gross proceeds of \$2.90 million

Each Convertible Note consists of \$1,000 principal amount, is unsecured, has a term of 48 months from the date of issuance, and bears interest at a rate of 15% per annum, payable in full upon maturity. Certain Convertible Notes are convertible at the option of the holder (the “Conversion Option”), in whole or in part, into common shares of the Company (the “Shares”) at a conversion price of \$1.60 per share (“Conversion Price”) and certain Convertible Notes are convertible at the option of the holder (the “PF Warrant Conversion Option”), in whole or in part, into pre-funded warrants of the Company (“PF Warrants”) at a conversion price of \$1.60 per PF Warrant (“PF Warrant Conversion Price”). The PF Warrants will be exercisable to acquire one common share of the Company at an exercise price of \$0.00001 per Share. The Company determined that the Convertible Notes with the PF Warrant Conversion Option are classified in their entirety as a financial liability and the Company estimated the initial fair value of these Convertible Notes to be \$700,000.

At any time after the first anniversary of the issuance date of the Convertible Notes, if the volume weighted average price of the Shares on the TSX (or such other stock exchange where the Shares principally trade) is at or above \$3.20 for a period of 14 consecutive trading days, the Company may provide written notice to prepay the principal amount and any accrued and unpaid interest to the holders of the Convertible Notes (the “Prepayment Option”). Upon written notice from the Company of such prepayment, a holder will have 30 days from the date of such notice to accept the prepayment, failing which, the Company may accelerate the conversion of the Convertible Notes into Shares at the Conversion Price or to PF Warrants at the PF Warrant Conversion Price.

The Private Placement was approved by the TSX and by receipt of disinterested shareholder approval on February 20, 2026 at a special meeting of shareholders.

The components of the Convertible Notes were separately accounted for with the liability host contract classified as a liability recorded at amortized cost, the PF Warrant Conversion Option is

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classified as a derivative liability recognized at FVTPL and the Conversion Option is accounted for as an equity instrument, net of deferred tax. Interest expense accrued on the liability host contract and changes in the fair value of the derivative liability are recorded in the consolidated statement of operations and comprehensive loss.

*(a) Liability host contract*

	<b>2026</b>	<b>2025</b>
Balance, beginning of year	-	-
Issuance of Convertible Notes	2,201,163	-
Issuance costs	(57,286)	-
Interest expense accreted	81,331	-
Balance, end of year	2,225,208	-

*(b) Derivative liability*

	<b>2026</b>	<b>2025</b>
Balance, beginning of year	-	-
Issuance of Convertible Notes	318,997	-
Unrealized gain on derivative liability	(80,094)	-
Balance, end of year	238,903	-

The fair value of the derivative liability categorized as level 3 in the fair value hierarchy and was estimated based on a methodology for pricing convertible bonds using the Partial Differential Equation Method, with the following assumptions:

	<b>Issuance</b>	<b>March 31, 2026</b>
Expected volatility	78.9%	79.2%
Risk-free rate	2.7%	2.9%
Expected life (years)	4.0	3.9

Increases in the expected volatility are expected to result in increased fair value of the derivative liability. As at March 31, 2026 a 5% increase in volatility would result in an increase of \$4,300 (2025 - \$nil) in the value of the derivative liability and a 5% decrease in volatility would result in a decrease of \$8,850 (2025 - \$nil) in the value of the derivative liability

#### **14. Shareholders' (deficiency) equity**

a) Capital stock

Authorized: Unlimited number of common shares without par value

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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.

## Rights offering

On November 20, 2024, Burcon announced it was offering rights (the “Rights Offering”) to holders of its common shares of record at close of business on November 27, 2024. Pursuant to the Rights Offering, each holder of common shares received one transferable right (a “Right”) for each common share held. Each Right entitled a holder to purchase one common share at a price of \$1.70 (the “Subscription Price”). The Subscription Price is equal to an approximately 39% discount to the volume weighted average trading price of the common shares on the TSX for the 5-day period ending November 19, 2024.

On February 13, 2025, the Company completed the Rights Offering and issued 5,549,306 common shares, raising gross proceeds of \$9,433,821 and net proceeds of \$9,202,900, after total issue costs of \$230,921.

## Share consolidation

On June 9, 2025, Burcon consolidated its issued and outstanding common shares at a ratio of twenty pre-consolidation common shares to one post-consolidation common share (the “Share Consolidation”). On the date of consolidation, the exercise price and number of common shares issuable upon the exercise of Burcon’s outstanding warrants were proportionally adjusted to reflect the share consolidation in accordance with the terms of such securities. The post-consolidation common shares commenced trading on the TSX on June 11, 2025.

The Share Consolidation has been retrospectively applied throughout these consolidated financial statements.

### 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’ (deficiency) 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.

# BURCON NUTRASCIENCE CORPORATION

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As at March 31, 2026, an additional 109,753 (2025 – 631,739) 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. During the period, the Company had share-based payment arrangements with vesting terms as follows:

- Service conditions only
- Service conditions and achievements of specified share prices
- Service conditions and achievements of financial performance metrics
- Service conditions, achievements of financial performance metrics and achievements of specified share prices

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.

	2026			2025		
	Number of options	Weighted average exercise price \$	Options exercisable	Number of options	Weighted average exercise price \$	Options exercisable
Outstanding, beginning of year	637,065	16.48	279,168	484,493	27.00	286,895
Granted	568,000	2.09	-	245,500	2.40	-
Exercised	-	-	-	(26,500)	4.40	-
Forfeited/cancelled	(33,666)	42.11	-	(47,516)	42.60	-
Expired	(11,925)	46.60	-	(18,912)	57.20	-
Outstanding, end of year	1,159,474	8.38	488,909	637,065	16.40	279,168

The following table summarizes information about stock options outstanding and exercisable at March 31, 2026:

Range of exercise prices \$	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
1.80 – 3.00	815,950	7.5	2.07	279,300	2.12
3.01 – 6.00	116,767	6.7	4.10	37,850	4.30
6.01 – 9.00	59,550	3.3	7.90	59,550	7.90
9.01 – 97.80	167,207	4.0	42.33	112,209	45.79
	1,159,474	6.7	8.38	488,909	13.02

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## Notes to Consolidated Financial Statements

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

	<b>2026</b>	<b>2025</b>
Exercise price	\$1.90 - \$2.88	\$1.80 - \$4.60
Share price	\$1.90 - \$2.88	\$1.80 - \$4.60
Dividend yield	0.0%	0.0%
Expected volatility	82.2%	81.1%
Risk-free interest rate	2.9%	3.3%
Expected forfeitures	4.5%	5.5%
Expected average option term (years)	7.5	5.9

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, 2026 was \$1.44 (2025 - \$1.24) per option.

Option based stock-based compensation expense is recognized in salaries and benefits expense of the following components of these consolidated statements of operations and comprehensive loss as follows:

	<b>2026</b>	<b>2025</b>
Research and development	64,432	59,300
General and administrative	311,534	215,158
Cost of sales	2,800	-

#### 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.

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<i>(number of RSUs)</i>	<b>2026</b>	<b>2025</b>
Outstanding, beginning of year	8,150	17,050
Granted	-	-
Redeemed	(4,200)	(7,819)
Forfeited / cancelled	-	(1,081)
Outstanding, end of year	3,950	8,150

RSU based stock-based compensation expense is recognized in salaries and benefits expense of the following components of these consolidated statements of operations and comprehensive loss as follows:

	<b>2026</b>	<b>2025</b>
Research and development	3,321	22,611
General and administrative	1,484	7,133

e) Warrants

As at March 31, 2026, Burcon had the following warrants outstanding:

	<b>2023 Private Placement</b>	<b>2024 Private Placement</b>	<b>Consultant Warrants</b>
Warrants exercisable into common shares	644,043	603,094	297,112
Exercise price	\$3.50	\$3.50	\$3.50
Expiry date	June 30, 2027	June 30, 2027	June 30, 2027

*2023 Private Placement*

In connection with the private placement that closed in tranches from May 8 - 16, 2023, the Company issued 644,043 warrants exercisable into common shares with an exercise price of \$7.00 and an expiry date of 36 months following issuance. In the year ended March 31, 2026, the following adjustments were made to the 2023 Private Placement warrants:

- Exercise price was adjusted to \$5.89 following the Share Consolidation and Rights Offering.
- Exercise price was amended to \$3.50 in September 2025.
- Expiry date was amended to June 30, 2027 in February 2026

*2024 Private Placement*

In connection with the private placement that closed on March 12, 2024, the Company issued 507,460 warrants exercisable into common shares with an exercise price of \$5.40 and an expiry

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## Notes to Consolidated Financial Statements

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date of March 12, 2026. In the year ended March 31, 2026, the following adjustments were made to the 2024 Private Placement warrants:

- Exercise price was adjusted to \$4.544 and the number of warrants exercisable into common shares was adjusted to 603,094 following the Share Consolidation and Rights Offering.
- Exercise price was amended to \$3.50 in September 2025.
- Expiry date was amended to June 30, 2027 in February 2026.

### *Consultant Warrants*

On March 25, 2024, the Company entered into a one-year consulting agreement with a director of the Company for the provision of financial and strategic advisory services. As compensation for the services, the Company issued 250,000 warrants exercisable into common shares with an exercise price of \$5.40 and an expiry date of June 25, 2026. (“Consultant Warrants”). The Consultant Warrants were measured at a fair value of \$1.80 per Consultant Warrant, which was determined from the fair value of the services to be received. In the year ended March 31, 2026, the following adjustments were made to the Consultant warrants:

- Exercise price was adjusted to \$4.544 and the number of warrants exercisable into common shares was adjusted to 297,112 following the Share Consolidation and Rights Offering.
- Exercise price was amended to \$3.50 in September 2025.
- Expiry date was amended to June 30, 2027 in February 2026.

In the year ended March 31, 2026, the Company recognized stock-based compensation for the Consultant Warrants in general and administrative expenses (professional fees) of \$155,396 (2025 - \$441,370).

## 15. Revenue

	<b>2026</b>	<b>2025</b>
Sale of protein isolate	1,493,879	192,285
Contract manufacturing services	676,713	-
Contract research services	94,078	189,111
Revenue	<u>2,264,670</u>	<u>381,396</u>

## 16. Cost of sales

	<b>2026</b>	<b>2025</b>
Raw materials consumed	1,528,654	196,127
Salaries and benefits	2,880,131	194,765
Depreciation of property and equipment and right-of-use assets	2,161,329	135,674
Utilities	1,165,443	38,304
Maintenance	621,530	19,263
Amortization of deferred development costs	421,502	-
Other	1,097,757	615,678
Change in finished goods inventory	(174,640)	52,349
Cost of sales	<u>9,701,706</u>	<u>1,252,160</u>

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## 17. Research and development

	<b>2026</b>	<b>2025</b>
Salaries and benefits	378,864	1,375,352
Intellectual property	323,335	551,590
Depreciation of property and equipment	132,234	252,202
Rent	124,212	125,061
Laboratory operation	120,854	250,680
Analyses and testing	42,649	498,383
Amortization of deferred development costs	-	421,502
	1,122,148	3,474,770
Government assistance (Notes 5 and 22)	(76,430)	(425,700)
Research and development expenses	1,045,718	3,049,070

## 18. General and administrative

	<b>2026</b>	<b>2025</b>
Salaries and benefits	1,329,371	1,417,173
Professional fees	928,454	1,526,217
Office supplies and services	234,457	249,259
Investor relations	134,695	346,672
Travel and meals	105,600	104,607
Other	96,088	81,205
Transfer agent and filing fees	44,785	30,410
Depreciation of property and equipment	29,704	31,776
	2,903,154	3,787,319
Government assistance (Note 5)	(9,760)	(7,720)
General and administrative expenses	2,893,394	3,779,599

## 19. Basic and diluted loss per share

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

	<b>2026</b>	<b>2025</b>
Net loss attributable to common shareholders - basic	(14,253,391)	(8,264,787)
Effect of PF Warrant Conversion Option	(71,385)	-
Net loss attributable to common shareholders - diluted	(14,324,776)	(8,264,787)
	<b>Shares</b>	<b>Shares</b>
Weighted average common shares - basic	12,689,698	7,819,702
Effect of PF Warrant Conversion Option	38,356	-
Weighted average common shares - diluted	12,728,054	7,819,702
Basic loss per share	(1.12)	(1.06)
Diluted loss per share	(1.13)	(1.06)

For the year ended March 31, 2026, the Company included the potential common share equivalents for the Convertible Notes where the holder has the option to convert into PF Warrants in the diluted loss per share as the effect is dilutive and excluded all other potential common share equivalents from

# BURCON NUTRASCIENCE CORPORATION

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the diluted loss per share as they were anti-dilutive. For the year ended March 31, 2025, the Company excluded all potential common share equivalents from the diluted loss per share calculation as they were anti-dilutive.

## 20. Related party transactions

### (a) Secured loan

In June 2022, Burcon entered into a loan agreement with Large Scale Investments Limited, a wholly owned subsidiary of Firewood Elite Limited (“Firewood”), for a secured loan of up to \$10 million that would be made available to Burcon in two tranches of \$5 million. 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. Refer to Note 12 (a).

### (b) Manufacturing agreement

ProMan is controlled by Mr. John Vassallo, a director and shareholder of Burcon. On February 2, 2025, Burcon entered into the Manufacturing Agreement with ProMan for the right to use and operate the Protein Production Facility (refer to Note 4). In accordance with the Manufacturing Agreement, Burcon agrees to use ProMan exclusively to manufacture its products, which creates an economic dependency. As at March 31, 2026, Burcon had an amount receivable from ProMan of \$287,772 (2025 - \$60,055) and an amount payable to ProMan of \$367,480 (2025 - \$118,500) in respect of expense reimbursements.

### (c) Consultant Warrants

Refer to Note 14 (e).

### (d) Warrant amendments

In the year ended March 31, 2026, the Company made amendments to adjust the exercise price of all classes of warrants, extend the expiry date of all classes of warrants and amend number of warrants exercisable into common shares for the 2024 Private Placement warrants and Consultant Warrants. Refer to Note 14 (e).

### (e) Convertible notes

In connection with the private placement of convertible notes (refer to Note 13), certain directors and entity’s controlled by certain directors were issued convertible notes as follows:

- Tranche 1: \$1.25 million of convertible notes were issued to an entity controlled by a director of the Company
- Tranche 2: \$1.45 million of convertible notes were issued to directors and an entity controlled by a director of the Company

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- Tranche 3: \$1.7 million of convertible notes were issued to an entity controlled by a director of the Company.

(f) Rights offering

In connection with the Rights offering that closed in February 2025, certain directors, officers and employees of the Company exercised 1,826,819 rights to purchase common shares for a gross purchase price of \$3,105,593.

(g) Short-term loans

Refer to Note 12 (b).

## 21. Key management compensation

Key management personnel (“KMP”) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. KMP includes the Company’s CEO, CFO, Interim CFO and directors. Remuneration of KMP comprises:

	<b>2026</b>	<b>2025</b>
Short-term benefits	525,723	698,345
Option-based awards	255,517	126,382
	<u>781,240</u>	<u>824,727</u>

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

Option-based awards represent the cost of the group of KMP’s participation in the incentive stock option plan. The costs are measured by the fair value of instruments granted, accounted for in accordance with IFRS Accounting Standards 2, Share-based Payment. For details of these plans refer to Note 14 (c) to these consolidated financial statements.

# BURCON NUTRASCIENCE CORPORATION

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## 22. 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:

	2026	2025
Recovery of income taxes based on the combined statutory income tax rate of 27.0% (2025 – 27.0%)	(3,954,000)	(2,231,000)
Changes in unrecognized deferred tax assets	3,511,000	2,226,000
Non-deductible items and tax adjustments	54,000	5,000
Recovery of income taxes	(389,000)	-

As at March 31, 2026 the Company has non-capital losses of approximately \$97,638,000 (2025 - \$88,144,000) available to reduce taxable income in future years. These losses expire between 2026 and 2045.

In addition, the Company has SR&ED expenditures of approximately \$16,554,000 available to carry forward indefinitely. ITCs of \$4,627,000 may be used to offset income taxes otherwise payable and expiring between 2026 and 2046. For the year ended March 31, 2026, included as an offset in research and development expenses is \$nil (2025 - \$22,300) of refundable ITCs, of which \$nil is included in other receivables at March 31, 2026 (2025 - \$22,300).

The tax effects of temporary differences that give rise to deferred income tax assets are as follows:

	2026	2025
Deferred income tax assets (liability)		
SR&ED expenditures	4,458,000	4,470,000
Losses from operations carried forward	26,362,000	23,808,000
Deferred development costs	(1,005,000)	(1,119,000)
Financing costs	77,000	101,000
Secured Loan	(25,000)	(55,000)
Convertible Note	(437,000)	-
Property and equipment	516,000	487,000
Right-of-use assets/lease liability	1,048,000	73,000
Unrecognized deferred income tax assets	30,994,000	27,765,000

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.

## 23. 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

# BURCON NUTRASCIENCE CORPORATION

## Notes to Consolidated Financial Statements

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receivable and long-term deposit. The carrying amounts of financial assets represent the maximum credit exposure.

The Company's cash may comprise interest-bearing savings instruments with Canadian and US banks. The Company limits its exposure to credit loss by placing its cash with multiple financial institutions.

The Company provides credit to its customers and counterparties in the normal course of operations. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers and counterparties by assessing their financial strength through a formal credit process and by routinely monitoring credit risk exposures.

Expected credit loss on amounts receivable arising from contracts with customers recognized in statements of operations and comprehensive loss was \$11,397 for the year ended March 31, 2026 (2025 - \$nil).

### **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 earns interest at variable market rates, the secured loan at a fixed rate, and the convertible notes at a fixed rate. The Company is not subject to interest rate risk on its secured loan or convertible notes as these instruments are on a fixed rate basis. Burcon's cash is held at two Canadian chartered banks and one US bank to maximize interest and to diversify risk. For the year ended March 31, 2026, the weighted average interest rate earned on the Company's cash was 2.3% per annum (2025 – 3.1% per annum). The impact of a 1% strengthening or weakening of interest rates on the Company's cash at March 31, 2026 is estimated to be a \$9,500 (2025 - \$73,000) increase or decrease in interest income per year.

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure (Note 24). It also manages liquidity risk by monitoring actual and forecasted cash flows taking into account current and planned operations.

The timing of undiscounted cash outflows relating to financial liabilities, including interest payments, are outlined in the table below. For accounts payable and other payables, the undiscounted cash flows are equal to the carrying value.

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As at March 31, 2026	1 year	2 years	3-5 years	Thereafter
Accounts payable and accrued liabilities	2,074,320	-	-	-
Lease liabilities <sup>1</sup>	2,570,457	4,158,681	15,549,651	4,421,886
Convertible notes	-	-	4,082,397	-
Secured Loan	8,642,082	-	-	-
	13,286,859	4,158,681	19,632,048	4,421,886

  

As at March 31, 2025	1 year	2 years	3-5 years	Thereafter
Accounts payable and accrued liabilities	1,271,743	-	-	-
Lease liabilities <sup>1</sup>	1,005,752	2,675,037	14,285,948	10,641,205
Secured Loan	2,126,466	5,955,616	-	-
	4,403,961	8,630,653	14,285,948	10,641,205

<sup>1</sup> The contracted cash flows included for the Manufacturing Agreement pertain solely to the initial 7 year term of the Manufacturing Agreement and do not include any potential payments under the 10 year property lease following the Manufacturing Agreement which will be negotiated at market rates.

### Fair value

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

The estimated fair value of the long-term deposit and convertible notes is based on level II inputs and is estimated based on risk free interest rates on government debt instruments of similar maturities, adjusted for estimated credit risk.

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The carrying values and fair values of financial instruments, by class, are as follows:

	At fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
At as March 31, 2026				
<b>Financial assets</b>				
Cash	-	950,530	-	950,530
Amounts receivable	-	666,510	-	666,510
Long-term deposit	-	893,845	-	844,773
	-	<b>2,510,885</b>	-	<b>2,461,813</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	-	-	2,074,320	2,074,320
Convertible notes	-	-	2,225,208	2,181,027
Secured loan	-	-	8,550,208	8,550,208
Derivative liability	238,903	-	-	238,903
	238,903	-	<b>12,849,736</b>	<b>13,044,458</b>
As at March 31, 2025				
<b>Financial assets</b>				
Cash	-	7,275,972	-	7,275,972
Amounts receivable	-	87,090	-	87,090
Long-term deposit	-	853,943	-	853,943
	-	<b>8,217,005</b>	-	<b>8,217,005</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	-	-	1,271,743	1,271,743
Secured loan	-	-	7,877,616	7,877,616
	-	-	<b>9,149,359</b>	<b>9,149,359</b>

# BURCON NUTRASCIENCE CORPORATION

Notes to Consolidated Financial Statements

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(In Canadian dollars)

## Currency risk

The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars:

	<b>March 31, 2026</b>	<b>March 31, 2025</b>
<b>U.S. Dollars</b>		
Cash	407,523	2,942,166
Amounts receivable and other receivables	476,174	43,832
Long-term deposit	641,255	594,006
Accounts payable and accrued liabilities	(896,474)	(359,385)
Lease liabilities	(11,206,197)	(10,036,109)
Net exposure	(10,577,719)	(6,815,490)
<b>Canadian dollar equivalent</b>		
	(14,744,283)	(9,797,948)

Based on the above net exposure at March 31, 2026, a 10% appreciation or depreciation of the U.S. dollar against the Canadian dollar would have resulted in a decrease/increase of approximately \$1.5 million (2025 - \$1.0 million) in the Company's loss from operations.

## 24. 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 and continue as a going concern. 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 years ended March 31, 2026 and March 31, 2025.

# BURCON NUTRASCIENCE CORPORATION

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(In Canadian dollars)

## 25. Segment information

The Company operates in a single reportable operating segment involving the development, production and sale of plant-based proteins.

The geographic breakdown of the Company's revenue (based on location of seller) and non-current assets are:

	<b>2026</b>	<b>2025</b>
Canada	99,178	381,396
United States	2,165,492	-
<b>Total revenue</b>	<b>2,264,670</b>	<b>381,396</b>

  

	<b>2026</b>	<b>2025</b>
Canada	6,332,045	6,958,380
United States	14,236,073	15,899,309
<b>Total non-current assets</b>	<b>20,568,118</b>	<b>22,857,689</b>

For the year ended March 31, 2026, sales to a single customer accounted for 83% (2025 – 95%) of the sale of protein isolate, sales to a single customer accounted for 86% (2025 - \$nil) of revenues generated from contract manufacturing services and 2 customers (2025 – 3) accounted for all revenues from contract research services.

## 26. Merit Functional Foods Corporation

Burcon has a 100% interest in Burcon NutraScience Holdings Corporation (“Burcon Holdings”), which was incorporated in 2019 to hold Burcon’s interest in Merit Functional Foods Corporation (“Merit Foods”). Burcon Holdings’ ownership interest in Merit Foods is 31.6%.

Up until 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<sup>®</sup> and Peazac<sup>®</sup> pea proteins and Burcon’s canola proteins, Supertein<sup>®</sup>, Puratein<sup>®</sup> and Nutratein<sup>®</sup> (collectively the “Products”).

Under the amended license and production agreement (the “Amended License Agreement”), exchange for royalties, Merit Foods had the exclusive rights over the Products across all geographic regions and all product uses. In order to retain its exclusive license, Merit Foods was required to meet certain commercialization obligations by certain deadlines under the Amended License Agreement, failing which Burcon could exercise its option to convert the Merit license to a non-exclusive license. Burcon has exercised its option to convert the license that therefore, Burcon is entitled to make, have made, use, market, and sell the Products on a non-exclusive basis and to grant any such rights to any other person.

On March 1, 2023, a court order (the “Order”) was granted under the Business and Insolvency Act to appoint a receiver (the “Receiver”) of all the assets, undertakings and properties of Merit Foods.

# BURCON NUTRASCIENCE CORPORATION

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(In Canadian dollars)

Pursuant to the Order, the Receiver was authorized to sell all of the assets, undertakings and properties of Merit Foods (the “Property”), including protein products that were produced under the Amended License Agreement and set out in a sales process for the Property.

At the date that Merit Foods was placed into receivership, Merit Foods had 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 and 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. Since the date Merit Foods was placed in receivership, Burcon Holdings has not received communication from EDC and FCC with respect to the guarantees.

Merit Foods also received additional debt financing of \$10 million in the form of a 10-year interest-free loan (the “AIP Loan”) from Agriculture and Agri-Food Canada (“AIP”). All shareholders of Merit Foods provided a guarantee for the AIP Loan (the “AIP Guarantee”), which is joint and several. Burcon Holdings and the other shareholders of Merit Foods entered into a reciprocal indemnity agreement whereby if any AIP Guarantor (the “Paying Guarantor”) is required to make a 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 Guarantors shall pay the Paying Guarantor such amount 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. Since Merit Foods was placed in receivership, Burcon Holdings has not received any communication from AIP with respect to the AIP Guarantee.

At March 31, 2026, Burcon Holdings’ total exposure from principal amounts of guarantees provided to EDC, FCC and AIP is \$103.5 million (2025 – \$103.5 million).

On May 21, 2025, the court approved the sale of Merit Foods’ Property. On May 30, 2025, the Receiver filed certificate with the court confirming the sale of Merit Food’s Property. On October 23, 2025, Merit Foods filed a notice of bankruptcy and the appointment of trustee of the estate of the bankrupt.

## Deconsolidation of Burcon Holdings

Effective upon Merit Foods being placed in receivership on March 1, 2023, the Company lost control of Burcon Holdings and deconsolidated its interest in Burcon Holdings and derecognized the assets and liabilities of Burcon Holdings.

The Company believes there is no recourse to the Company of Burcon Holdings’ obligations, including the guarantees Burcon Holdings provided to EDC, FCC and AIP.

# **BURCON NUTRASCIENCE CORPORATION**

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(In Canadian dollars)

## **27. Contingencies**

The Company is involved in various claims arising in the normal course of business, and provisions for these claims have been included in the Company's consolidated financial statements where management has considered this to be appropriate. The Company establishes provisions when it becomes probable that a loss will be realized, and the amount can be reasonably estimated. In management's opinion, based on current knowledge and consultation with legal counsel, the outcome of these proceedings, individually and in aggregate, is not expected to have a material effect on the Company, its financial position or its results of operations.