Burcon NutraScience Corporation

Consolidated Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

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, 2025 and March 31, 2024
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' 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, 2025 and March 31, 2024, 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.

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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, 2025, the Entity has incurred a net loss, generated negative cash flows from operating activities, and accumulated losses since inception.

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

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2025. 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.

Determination of Incremental Borrowing Rate of the Protein Production Facility Lease Liability

Description of the matter

We draw attention to Note 4 to the financial statements. For the protein production facility, the initial measurement of the lease liability issued in exchange for the right-of-use asset was $14,340,910. The lease liability was measured at the present value of future lease payments, discounted using the incremental borrowing rate ("IBR") as the interest rate implicit in the lease was not readily determinable.

Why the matter is a key audit matter

We identified the determination of IBR of the protein production facility lease liability as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the lease liability and the high degree of estimation uncertainty in determining the IBR. In addition, significant auditor judgement and specialized skills and knowledge were required in evaluating the results of our procedures due to the sensitivity of the IBR to changes in certain 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 contract manufacturing agreement between the Entity and lessor, and compared the terms and conditions of the lease to the assumptions used to determine the IBR
- We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the IBR determined by the Entity by comparing the selected IBR to observable data

- We recalculated the lease liability recognized at the lease commencement date using the determined IBR
- We evaluated the sufficiency of the related disclosures in the financial statements.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 25, 2025

BURCON NUTRASCIENCE CORPORATION

Consolidated Statements of Financial Position

As at March 31, 2025 and March 31, 2024

(In Canadian dollars)

	Notes	March 31, 2025	March 31, 2024
Assets			
Current assets			
Cash		7,275,972	4,197,141
Amounts receivable and other receivables		131,974	591,726
Inventory	6	201,145	68,319
Prepaid expenses		191,390	330,033
		7,800,481	5,187,219
Long-term deposit	4	853,943	-
Property and equipment	7	961,418	829,423
Right-of-use assets	4,8	14,834,751	266,850
Deferred development costs	9	4,952,647	5,374,149
Goodwill	10	1,254,930	1,254,930
Total assets		30,658,170	12,912,571
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,271,743	843,449
Current portion of secured loan	12	2,085,567	-
Current portion of lease liabilities	4, 11	890,566	260,845
Deferred government assistance	5	46,870	250,000
		4,294,746	1,354,294
Secured loan	12	5,792,049	6,404,778
Lease liabilities	4, 11	13,627,713	-
Total liabilities		23,714,508	7,759,072
Shareholders' equity			
Capital stock	13	131,581,539	122,069,825
Contributed surplus	13	19,216,437	17,283,934
Options	13	5,748,320	7,436,262
Warrants	13	670,019	237,201
Restricted share units	13	37,553	172,776
Foreign currency translation reserve		1,080	-
Deficit		(150,311,286)	(142,046,499)
Total shareholders' equity		6,943,662	5,153,499
Total liabilities and shareholders' equity		30,658,170	12,912,571
Going concern	1		
Subsequent events	5, 13, 25		
Contingencies	25		

Approved by the Board of Directors

"Alfred Lau" — Director

"Peter Kappel" — 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, 2025 and 2024

(In Canadian dollars)

	Notes	2025	2024
Revenue	14	381,396	184,359
Cost of sales	15	1,252,160	-
Research and development	16	3,049,070	3,578,757
General and administrative	17	3,779,599	3,624,577
Loss from operations		(7,699,433)	(7,018,975)
Interest and other income		82,077	88,366
Interest and other expenses	11, 12	(668,754)	(511,585)
Foreign exchange gain (loss)		21,323	(3,999)
Net loss		(8,264,787)	(7,446,193)
Other comprehensive gain			
Foreign currency translation adjustment		1,080	-
Total comprehensive loss		(8,263,707)	(7,446,193)
Basic and diluted loss per share	18	(1.06)	(1.23)

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

BURCON NUTRASCIENCE CORPORATION

Consolidated Statements of Changes in Shareholders' Equity

Years ended March 31, 2025 and 2024

(In Canadian dollars, except share amounts)

	Number of fully paid common shares	Capital stock	Contributed surplus	Options	Warrants	Restricted share units	Foreign currency translation reserve	Deficit	Total shareholders' equity
Balance, March 31, 2023	108,728,742	114,566,577	16,763,830	7,279,559	-	127,651	-	(134,600,306)	4,137,311
Net loss	-	-	-	-	-	-	-	(7,446,193)	(7,446,193)
Private Placement	33,179,247	7,545,253	-	-	232,327	-	-	-	7,777,580
Issue costs	-	(124,944)	-	-	(3,756)	-	-	-	(128,700)
Options expired	-	-	412,263	(412,263)	-	-	-	-	-
Options forfeited / cancelled	-	-	107,841	(107,841)	-		-	-	-
Restricted share unit redeemed	180,944	82,939	-	-	-	(80,595)	-	-	2,344
Stock-based compensation expense	-	-	-	676,807	8,630	125,720	-	-	811,157
Balance, March 31, 2024	142,088,933	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	110,986,126	9,433,821	-	-	-	-	-	-	9,433,821
Issue costs	-	(230,921)	-	-	(8,552)	-	-	-	(239,473)
Options exercised	530,000	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	156,385	164,967	-	-	-	(164,967)	-	-	-
Stock-based compensation expense	-	-	-	274,458	441,370	29,744	-	-	745,572
Balance, March 31, 2025	253,761,444	131,581,539	19,216,437	5,748,320	670,019	37,553	1,080	(150,311,286)	6,943,662

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

BURCON NUTRASCIENCE CORPORATION

Consolidated Statements of Cash Flows
Years ended March 31, 2025 and 2024

(In Canadian dollars)

	2025	2024
Cash flows from operating activities		
Net loss	(8,264,787)	(7,446,193)
Adjustments for non-cash items:		
Depreciation expense	412,944	279,277
Amortization of deferred development costs	421,502	421,501
Stock-based compensation expense	745,572	811,157
Interest expense on secured and bridge loans	507,328	342,397
Interest expense on lease liabilities	161,393	69,187
Write-down of inventory to net realizable value	541,823	-
Unrealized foreign exchange (gain) loss	(24,872)	8,182
	(5,499,097)	(5,514,492)
Changes in non-cash working capital items		
Amounts receivable and other receivables	396,260	(196,041)
Inventory	(667,698)	(68,319)
Prepaid expenses	140,455	(254,131)
Accounts payable and accrued liabilities	455,783	162,806
Deferred government assistance	(203,130)	250,000
	(5,377,427)	(5,620,177)
Interest income	(82,077)	(87,623)
Interest expense paid	(53,402)	(69,187)
Net cash used in operating activities	(5,512,906)	(5,776,987)
Cash flows from investing activities		
Interest income	82,077	87,623
Acquisition of property and equipment	(303,474)	(127,114)
Security deposit paid on lease	(1,437,600)	-
Net cash flows used in investing activities	(1,658,997)	(39,491)
Cash flows from financing activities		
Issue of capital stock and warrants	9,410,928	7,777,580
Share issue costs	(182,389)	(106,797)
Secured and bridge loan proceeds	1,215,040	1,000,000
Repayment of bridge loan	(212,820)	-
Debt issuance costs paid	(53,729)	-
Options exercised	113,950	-
Payments of lease liabilities	(65,629)	(105,827)
Net cash flow from financing activities	10,225,351	8,564,956
Foreign exchange gain (loss) on cash	25,383	(8,182)
Increase in cash	3,078,831	2,740,296
Cash, beginning of year	4,197,141	1,456,845
Cash, end of year	7,275,972	4,197,141

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

1. Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that Burcon NutraScience Corporation ("Burcon" or the "Company") will continue its operations and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, management considers all available information and actions within its control with respect to the 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, 2025, had an accumulated deficit of $150.3 million (March 31, 2024 - $142.0 million). During the year ended March 31, 2025, the Company incurred a net loss of $8.3 million (2024 - $7.4 million) and had negative cash flow from operations of $5.5 million (2024 - $5.8 million). On February 13, 2025, Burcon closed a rights offering raising gross proceeds of $9.4 million (Note 13 (a)).

The Company has entered into a binding term sheet for a contract manufacturing agreement (the "Manufacturing Agreement") with a strategic investment partner and related party. The Manufacturing Agreement provides Burcon exclusive access to its manufacturing capacity and Burcon will use the facility as its exclusive manufacturer. On March 10, 2025, Burcon obtained access to the manufacturing facility and began commissioning the facility. Subsequent to March 31, 2025, Burcon launched commercial production. Refer to Note 4.

The Company's ability to continue as a going concern is dependent upon the Company's ability to successfully commercialize its technology, scale production, and generate revenue. The Company expects to use the proceeds from the rights offering to fund the commercialization and production of its plant proteins; however, the Company will require 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.

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, 2025 and 2024:

Subsidiaries	**Country**	**Functional Currency**	**% Interest**
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 25, 2025].

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 and contract manufacturing services are recognized when the services are rendered.
- Revenue earned from licensing agreements that grants third parties the rights to use the Company's technologies are earned based on sales made by the licensee.

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 and raw materials. 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.

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 and the secured loan 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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

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.

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 13(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.

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, 2025 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.

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:

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

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.

<u>Goodwill impairment assessment (Note 10)</u>

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.

<u>Lease discount rate (Notes 4, 8, and 11)</u>

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.

Share-based payments (Note 13)

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

n) Newly adopted accounting standards and amendments

Amendments to IAS 1 – classification of liabilities as current or non-current

The amendment clarifies the classification requirements to determine if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing or recognition. The amendment was adopted on April 1, 2024 with retrospective application and the adoption did not have a impact on the consolidated financial statements.

o) 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.

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.

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"). 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.

The obligations of Burcon and ProMan under the Manufacturing Agreement are subject to receipt by Burcon of all required regulatory approval, including the TSX and Burcon's disinterested shareholders, ProMan acquiring the Protein Production Facility on or before April 30, 2025 and Burcon completing a minimum financing of at least $7 million. On March 7, 2025, all conditions were met and Burcon began operating the Protein Production Facility on March 10, 2025.

In accordance with the Manufacturing Agreement, Burcon will pay ProMan an aggregate fixed fee of US $19.8 million (CA $28.5 million) of which $nil was paid in the year ended March 31, 2025 (2024 - $nil). Refer to Note 22 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.

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 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.

(In Canadian dollars)

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, 2025 is $14,427,910 (2024 - $nil).

Refer to Note 19 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.

During the year ended March 31, 2025, Burcon recorded PIC grants of $697,904 (2024 - $457,118) as government assistance against research and development expenses, general and administrative expenses, inventory and property and equipment, of which $nil is included in amounts receivable as at March 31, 2025 (2024 - $457,118). As at March 31, 2025, Burcon had received advance payment of $46,870 in respect of eligible expenses to be incurred in subsequent periods, all of which is recorded as deferred government assistance (2024 - $250,000).

On May 13, 2025, the collaborative agreement with PIC for the commercialization of hempseed and sunflower seed protein concluded.

6. Inventory

	2025	2024
Protein isolate	-	52,350
Raw materials	201,145	15,969
Balance – end of year	201,145	68,319

(In Canadian dollars)

7. Property and equipment

	Equipment	Computer Equipment	Leasehold Improvements	Total
Cost:				
March 31, 2023	5,038,180	136,759	97,811	5,272,750
Additions	99,444	4,239	-	103,683
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[1]	287,942	-	-	287,942
Foreign translation adjustment	364	-	-	364
March 31, 2025	5,570,160	141,614	97,811	5,809,585
Accumulated depreciation:				
March 31, 2023	4,126,796	108,867	88,118	4,323,781
Depreciation	207,718	8,669	6,842	223,229
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[1]	29,672	-	-	29,672
Foreign translation adjustment	11	-	-	11
March 31, 2025	4,626,018	124,338	97,811	4,848,167
Net book value:				
March 31, 2024	803,110	23,462	2,851	829,423
March 31, 2025	944,142	17,276	-	961,418

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, 2025.

(In Canadian dollars)

8. Right-of-use assets

	Office Lease	Property and Equipment	Total
Cost:			
March 31, 2023	135,050	10,722	145,772
Additions	-	287,943	287,943
Disposals	-	(4,321)	(4,321)
March 31, 2024	135,050	294,344	429,394
Additions	105,268	14,925,972	15,031,240
Transfers to property and equipment[1]	-	(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
Accumulated depreciation:			
March 31, 2023	100,095	10,722	110,817
Depreciation	26,375	29,673	56,048
Disposals	-	(4,321)	(4,321)
March 31, 2024	126,470	36,074	162,544
Depreciation	28,318	119,865	148,183
Transfers to property and equipment[1]	-	(29,672)	(29,672)
Disposals	(135,050)	-	(135,050
March 31, 2025	19,738	126,267	146,005
Net book value:			
March 31, 2024	8,580	258,270	266,850
March 31, 2025	85,530	14,749,221	14,834,751

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

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.

Cost:	
March 31, 2023, 2024 and 2025	6,322,528
Accumulated amortization:	
March 31, 2023	526,878
Amortization	421,501
March 31, 2024	948,379
Amortization	421,502
March 31, 2025	1,369,881
Net book value:	
March 31, 2024	5,374,149
March 31, 2025	4,952,647

(In Canadian dollars)

10. Goodwill

At March 31, 2024 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

	2025	2024
Balance, beginning of year	260,845	58,741
Additions	14,445,351	307,931
Interest expense	161,393	69,187
Principal and interest payments[1]	(294,656)	(175,014)
Foreign translation adjustment	(54,654)	
Balance, end of year	14,518,279	260,845
Current portion	890,566	260,845
Non-current portion	13,627,713	-
Balance, end of year	14,518,279	260,845

1. Principal and interest payments include the exercise of a purchase option for equipment transferred to plant and equipment.

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 and had an initial maturity date of July 1, 2024. 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. 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 8.70%.

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. The effective interest rate of the second tranche is 10.15%. Burcon has access to $3.0 million of undrawn capacity on Tranche 2 of the Secured Loan.

(In Canadian dollars)

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, 2025 and December 31, 2024, the Company was in compliance with these covenants.

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

	2025	**2024**
Balance, beginning of year	6,404,778	5,112,381
Draw downs	1,000,000	1,000,000
Debt issue costs	-	(50,000)
Interest expense accreted	472,838	342,397
Balance, end of year	7,877,616	6,404,778
Current portion of Secured Loan	2,085,567	-
Long term portion of Secured Loan	5,792,049	6,404,778
	7,877,616	6,404,778

b) Bridge Loan

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

Refer to Note 19 for discussion of the related party nature of the Bridge Loan.

13. Shareholders' equity

a) Capital stock

Authorized: Unlimited number of common shares without par value

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

<u>Rights offering</u>

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 $0.085 (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 110,986,126 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 11, 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 was proportionally adjusted to reflect the share consolidation in accordance with the terms of such securities.

The Share Consolidation has been retrospectively applied to earnings per share (Note 18) and is not retrospectively applied to other share numbers throughout these consolidated financial statements.

Private placements

The Company completed a private placement of 12,880,829 units (the "2023 Units") in tranches from May 8, 2023 to May 16, 2023 at a price of $0.265 per 2023 Unit for aggregate gross proceeds to the Company of $3,413,420 and net proceeds of $3,358,237, after total issue costs of $55,183. Each 2023 Unit consisted of one common share of the Company and one common share purchase warrant ("2023 Warrant"). Each 2023 Warrant is exercisable to acquire one common share at an exercise price of $0.35 for a period of 36 months after the applicable closing date of each tranche. Gross proceeds of the private placement have been recorded at $3,181,093 and $232,327 to capital stock and warrants, respectively. As at March 31, 2025, 12,880,829 of the 2023 Warrants were outstanding (2024 - 12,880,829).

Subsequent to March 31, 2025, the exercise price of the 2023 Warrants was adjusted to $5.89 and each 2023 Warrant can be exercised to acquire 0.0500 common shares due to the Share Consolidation and Rights Offering.

On March 12, 2024, the Company completed a private placement of 20,298,418 units (the "2024 Units") at a price of $0.215 per 2024 Unit for aggregate gross proceeds to the Company of $4,364,160 and net proceeds of $4,290,643 after total issue costs of $73,517. Each 2024 Unit consisted of one common share of the Company and one-half share purchase warrant ("2024 Warrant"). Each whole 2024 Warrant is exercisable to acquire one common share at an exercise price of $0.27 up to March 12, 2026. Gross proceeds of the private placement have been recorded at $4,364,160 and $nil to capital stock and warrants, respectively. As at March 31, 2025, 10,149,208 of the 2024 Warrants were outstanding (2024 - 10,149,208).

Subsequent to March 31, 2025, the exercise price of the 2024 Warrants was adjusted to $4.544 and each 2024 Warrant can be exercised to acquire 0.0594 common shares due to the Share Consolidation and Rights Offering.

b) Contributed surplus

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

c) Options

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

Subsequent to March 31, 2025, the Company executed a Share Consolidation (Note 13 (a)). In accordance with the option plan, the number of options and the exercise prices for outstanding options do not change following the Share Consolidation, however, an option holder must exercise 20 options in exchange for a single common share.

As at March 31, 2025, an additional 12,634,778 (2024 - 4,518,962) options may be granted in future years under this plan. Unless otherwise determined by the board of directors, the options have a term of up to 10 years from the date of grant. The vesting terms are determined at the discretion of the board of directors at the time of grant. All grants are recognized using graded vesting, with each vesting tranche being valued separately, and the fair value of each tranche recognized over its respective vesting period.

(In Canadian dollars)

	2025			2024		
	Number of options	**Weighted average exercise price $**	**Options exercisable**	**Number of options**	**Weighted average exercise price $**	**Options exercisable**
Outstanding, beginning of year	9,689,931	1.35	5,737,909	7,161,803	1.88	4,676,114
Granted	4,910,000	0.12	-	2,901,000	0.19	-
Exercised	(530,000)	0.22	-	-	-	-
Forfeited/cancelled	(950,321)	2.13	-	(85,198)	2.21	-
Expired	(378,244)	2.86	-	(287,674)	2.48	-
Outstanding, end of year	12,741,366	0.82	5,583,356	9,689,931	1.35	5,737,909

The following table summarizes information about stock options outstanding and exercisable at March 31, 2025:

	Options outstanding			Options exercisable	
Range of exercise prices $	**Number outstanding**	**Weighted average remaining life (years)**	**Weighted average exercise price $**	**Number exercisable**	**Weighted average exercise price $**
0.09 – 1.00	9,171,334	6.0	0.21	2,713,324	0.28
1.01 – 2.00	1,839,000	4.9	1.57	1,439,000	1.52
2.01 – 3.00	981,032	3.4	2.67	681,032	2.52
4.01 – 4.89	750,000	2.9	4.07	750,000	4.07
	12,741,366	5.4	0.82	5,583,356	1.38

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:

	2025	**2024**
Exercise price	\$0.09 - \$0.23	\$0.13 - \$0.70
Share price	\$0.09 - \$0.23	\$0.13 - \$0.22
Dividend yield	0.0%	0.0%
Expected volatility	81.1%	87.6%
Risk-free interest rate	3.3%	4.0%
Expected forfeitures	5.5%	6.0%
Expected average option term (years)	5.9	4.6

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.

(In Canadian dollars)

The weighted average fair value of the options granted during the year ended March 31, 2025 was $0.06 (2024 - $0.09) per option.

Included in research and development expenses is $59,300 (2024 - $270,832) (Note 16) and in general and administrative expenses (salaries and benefits) is $215,158 (2024 - $405,975) (Note 17) of options stock-based compensation.

d) Restricted Share Units ("RSU") Plan

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

(number of RSUs)	**2025**	**2024**
Outstanding, beginning of year	341,000	409,181
Granted	-	112,000
Redeemed	(156,385)	(179,100)
Forfeited / cancelled	(21,615)	(1,081)
Outstanding, end of year	163,000	341,000

RSUs are measured at fair value based on the closing price of our common shares for the day preceding the date of the grant. The weighted average fair value of RSUs granted during the year ended March 31, 2024 was $0.13 per RSU.

Included in research and development expenses (salaries and benefits) is $22,611 (2024 - $95,862) (Note 16) and in general and administrative expenses (salaries and benefits) is $7,133 (2024 - $29,858) (Note 17) of RSU stock-based compensation.

(In Canadian dollars)

e) Warrants

Refer to Note 13 (a) for warrants issued in connection with private placements.

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 5,000,000 warrants ("Consultant Warrants"). Each Consultant Warrant is exercisable to acquire one common share at an exercise price of $0.27 up to June 25, 2026. Vesting of the Consultant Warrants was subject to shareholder approval, which was obtained at the Company's annual general meeting held on September 18, 2024. The Consultant Warrants were measured at a fair value of $0.09 per Consultant Warrant, which was determined from the fair value of the services to be received.

Subsequent to March 31, 2025, the exercise price of the Consultant Warrants was adjusted to $4.544 and each Consultant Warrant can be exercised to acquire 0.0594 common shares due to the Share Consolidation and Rights Offering.

The fair value of the Consultant Warrants was amortized on a straight-line basis over the contracted term. Included in general and administrative expenses (professional fees) is $441,370 (2024 - $8,630) (Note 17) of stock-based compensation from the Consultant Warrants.

14. Revenue

	2025	2024
Sale of protein isolate	192,285	-
Contract research services	189,111	-
Royalty revenues	-	184,359
Revenue	381,396	184,359

15. Cost of sales

	2025	2024
Cost of products	779,784	-
Salaries and benefits	164,400	-
Depreciation expense	119,865	-
Other	188,111	-
Cost of sales	1,252,160	-

For the year ended March 31, 2025, included in the cost of products is a write-down of inventory to net realizable value of $541,823 (2024 - $nil). Other includes direct costs for the provision of contract research services and operating costs of the Protein Production Facility.

(In Canadian dollars)

16. Research and development

	2025	2024
Salaries and benefits (Note 13)	1,375,352	1,918,967
Intellectual property	551,590	598,722
Analyses and testing	498,383	363,672
Amortization of deferred development costs	421,502	421,501
Depreciation of property and equipment	252,202	251,631
Laboratory operation	250,680	360,568
Rent	125,061	117,544
	3,474,770	4,032,605
Government assistance (Notes 5 and 21)	(425,700)	(453,848)
Research and development expenses	3,049,070	3,578,757

17. General and administrative

	2025	2024
Professional fees	1,526,217	993,562
Salaries and benefits (Note 13)	1,417,173	2,070,890
Investor relations	346,672	114,128
Office supplies and services	249,259	254,648
Travel and meals	104,607	125,367
Other	81,205	12,199
Depreciation of property and equipment	31,776	30,051
Transfer agent and filing fees	30,410	27,838
	3,787,319	3,628,683
Government assistance (Note 5)	(7,720)	(4,106)
General and administrative expenses	3,779,599	3,624,577

18. Basic and diluted loss per share

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

	2025	2024
Basic and diluted net loss per attributable to common shareholders	(8,264,787)	(7,446,193)
	Shares	**Shares**
Weighted average common shares – basic and diluted[1]	7,819,702	6,069,916
Basic and diluted loss per share	(1.06)	(1.23)

1 The weighted average common shares have been retrospectively adjusted to reflect the Share Consolidation (Note 13).

For the years ended March 31, 2025 and 2024, the Company excluded all potential common share equivalents from the diluted loss per share calculation as they were anti-dilutive.

(In Canadian dollars)

19. Related party transactions

In connection with the Rights Offering that closed in February 2025 (Note 13 (a)), certain directors, officers and employees of the Company exercised 36,536,383 rights to purchase common shares for a gross purchase price of $3,105,593.

In connection with the private placement that closed in March 2024 (Note 13 (a)), certain directors, officers and employees of the Company subscribed to 4,461,194 of the 2024 Units for a gross purchase price of $959,157.

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, 2025, Burcon had an amount receivable of $60,055 (2024 - $nil) from ProMan in respect of expense reimbursements.

On January 24, 2025, Burcon entered into the Bridge Loan with ProMan (refer to Note 12 (b)). In the year ended March 31, 2025, Burcon paid ProMan $4,490 (2024 - $nil) of interest and commitment fees on the bridge loan.

Refer to Note 12 (a) for disclosure of the Secured Loan with a related party.

Refer to Note 13(e) for disclosure of warrants issued to a related party.

20. 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 and directors. Remuneration of KMP comprises:

	2025	**2024**
Short-term benefits	698,345	979,803
Option-based awards	126,382	270,507
	824,727	1,250,310

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 13 (c) to these consolidated financial statements.

(In Canadian dollars)

21. 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:

	2025	2024
Recovery of income taxes based on the combined statutory income tax rate of 27.0% (2024 – 27.0%)	(2,231,000)	(2,010,000)
Changes in unrecognized deferred tax assets	2,226,000	1,706,000
Non-deductible items and tax adjustments	5,000	304,000
Recovery of income taxes	-	-

As at March 31, 2025 the Company has non-capital losses of approximately $88,144,000 (2024 - $81,012,000) 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 $16,600,000 available to carry forward indefinitely. ITCs of $4,537,000 may be used to offset deferred income taxes otherwise payable and expiring between 2025 and 2045. For the year ended March 31, 2025, included as an offset in research and development expenses is $22,300 (2024 - $77,800) of refundable ITCs, of which $22,300 is included in other receivables at March 31, 2025 (2024 - $77,800).

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

	2025	2024
Deferred income tax assets (liability)		
SR&ED expenditures	4,470,000	4,425,000
Losses from operations carried forward	23,808,000	21,872,000
Deferred development costs	(1,119,000)	(1,233,000)
Financing costs	46,000	49,000
Property and equipment	487,000	428,000
Right-of-use assets/lease liability	73,000	(2,000)
Unrecognized deferred income tax assets	27,765,000	25,539,000

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.

22. Financial instruments

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, amounts receivable 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 $nil for the year ended March 31, 2025 (2024 - $100,000).

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company's financial instruments are non-interest bearing except for cash that earn interest at variable market rates and the secured loan at a fixed rate. The Company is not subject to interest rate risk on its secured loan with Large Scale as the loan is on a fixed rate basis. Burcon's cash is held at two Canadian chartered banks to maximize interest and to diversify risk. For the year ended March 31, 2025, the weighted average interest rate earned on the Company's cash was 3.08% per annum (2024 – 4.33% per annum). The impact of a 1% strengthening or weakening of interest rates on the Company's cash at March 31, 2025 is estimated to be a $73,000 (2024 - $39,000) 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 23). It also manages liquidity risk by monitoring actual and forecasted cash flows taking into account current and planned operations.

(In Canadian dollars)

The timing of undiscounted cash outflows relating to financial liabilities, including interest payments, are outlined in the table below. Apart from lease liabilities and the Secured Loan, the undiscounted cash flows are equal to the carrying value.

As at March 31, 2025	**1 year**	**2 years**	**3-5 years**	**Thereafter**
Accounts payable and accrued liabilities	1,271,743	-	-	-
Lease liabilities[1]	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

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

As at March 31, 2024	**1 year**	**2 years**	**3-5 years**	**Thereafter**
Accounts payable and accrued liabilities	843,449	-	-	-
Lease liabilities	273,093	-	-	-
Secured Loan	-	6,573,370	-	-
	1,116,542	6,573,370	-	-

Fair value

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

The estimated fair value of the long-term deposit as at March 31, 2025 is $853,943 (2024 - $nil). The fair value 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.

(In Canadian dollars)

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

As at March 31, 2025	**At fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair value**
Financial assets				
Cash	-	7,275,972	-	7,275,972
Amounts receivable	-	87,090	-	87,090
Long-term deposit	-	853,943	-	853,943
	-	**8,217,005**	-	**8,217,005**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	1,271,743	1,271,743
Secured loan	-	-	7,877,616	7,877,616
	-	-	**9,149,359**	**9,149,359**

At as March 31, 2024	**At fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair value**
Financial assets				
Cash	-	4,197,141	-	4,197,141
Amounts receivable	-	465,330	-	465,330
	-	**4,662,471**	-	**4, 662,471**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	843,449	843,449
Secured loan	-	-	6,404,778	6,404,778
	-	-	**7,248,227**	**7,248,227**

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:

	March 31, 2025	**March 31, 2024**
U.S. Dollars		
Cash	2,942,166	1,563,470
Amounts receivable and other receivables	43,832	-
Long-term deposit	594,006	-
Accounts payable and accrued liabilities	(359,385)	(60,568)
Lease liabilities	(10,036,109)	
Net exposure	(6,815,490)	1,502,902
Canadian dollar equivalent	(9,797,948)	2,036,432

Based on the above net exposure at March 31, 2025, a 10% appreciation or depreciation of the U.S. dollar against the Canadian dollar would have resulted in a decrease/increase of approximately $980,000 (2024 - $204,000) in the Company's loss from operations.

23. 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, 2025 and March 31, 2024.

(In Canadian dollars)

24. Segment information

The Company operates in a single reportable operating segment and geographic location involving the development of plant-based proteins.

The geographic breakdown of the Company's revenue and non-current assets is:

	2025	**2024**
Canada	381,396	184,359
United States	-	-
Total revenue	381,396	184,359

	2025	**2024**
Canada	6,958,380	7,725,352
United States	15,899,309	-
Total non-current assets	22,857,689	7,725,352

For the year ended March 31, 2025, sales to a single customer accounted for 95% of the sale of protein isolate and revenues generated from contract research services were generated from three customers. For the year ended March 31, 2024, the royalty revenues were generated from a single counterparty.

25. 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® and Peazac® pea proteins and Burcon's canola proteins, Supertein®, Puratein® and Nutratein® (collectively the "Products").

Under the amended license and production agreement (the "Amended License Agreement"), 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. 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 from Agriculture and Agri-Food Canada (the "AIP Loan"). 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, 2025, Burcon Holdings' total exposure from principal amounts of guarantees provided to EDC, FCC and AIP is $103.5 million (2024 – $101.0 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.

<u>Deconsolidation of Burcon Holdings</u>

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.