Burcon NutraScience Corporation

Condensed Consolidated Interim Financial Statements
Three months ended June 30, 2026 and 2025
(Unaudited)
(in Canadian dollars)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Burcon NutraScience Corporation for the interim period ended June 30, 2026 have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. These unaudited condensed consolidated interim financial statements have not been reviewed by an auditor in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BURCON NUTRASCIENCE CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

As at June 30, 2026 and March 31, 2026

(In Canadian dollars)

	Notes	**June 30, 2026**	**March 31, 2026**
Assets			
Current assets			
Cash		866,464	950,530
Amounts receivable and other receivables		1,157,832	702,484
Inventory	4	764,402	527,745
Prepaid expenses		233,558	243,192
		3,022,256	2,423,951
Long-term deposit		928,945	893,845
Property and equipment	5	1,626,243	1,640,445
Right-of-use assets	6	11,955,403	12,247,753
Deferred development costs		4,425,770	4,531,145
Goodwill		1,254,930	1,254,930
Total assets		23,213,547	22,992,069
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,503,232	2,074,320
Current portion of lease liabilities	7	2,834,432	2,314,261
Current portion of secured loan	8	8,831,177	8,550,208
Deferred revenue and government assistance		79,931	73,180
		14,248,772	13,011,969
Lease liabilities	7	13,262,904	13,314,314
Convertible notes	9	4,023,621	2,225,208
Derivative liability	9	732,158	238,903
Total liabilities		32,267,455	28,790,394
Shareholders' (deficiency) equity			
Capital stock	10	131,615,966	131,614,299
Contributed surplus	10	20,733,667	20,462,210
Options	10	4,816,982	4,881,313
Warrants	10	825,415	825,415
Equity component of convertible notes	9	1,614,162	1,053,696
Restricted share units	10	7,520	9,597
Foreign currency translation reserve		(326,696)	(80,178)
Deficit		(168,340,924)	(164,564,677)
Total shareholders' (deficiency) equity		(9,053,908)	(5,798,325)
Total liabilities and shareholders' (deficiency) equity		23,213,547	22,992,069
Going concern	1		
Subsequent events	8, 9		

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

BURCON NUTRASCIENCE CORPORATION

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited)

For the three months ended June 30, 2026 and 2025

(In Canadian dollars)

	Notes	Three months ended June 30 2026	2025
Revenue	11	1,276,212	342,193
Cost of sales	12	3,401,129	1,882,059
Research and development	13	232,934	229,418
General and administrative	14	787,770	706,125
Loss from operations		(3,145,621)	(2,475,409)
Interest and other income		25,528	58,915
Interest and other expenses	7, 8, 9	(1,192,846)	(784,638)
Unrealized gain (loss) on derivative liability	9	74,031	-
Foreign exchange gain (loss)		255,514	(273,969)
Loss before income tax		(3,983,394)	(3,475,101)
Deferred income tax recovery		207,147	-
Net loss		(3,776,247)	(3,475,101)
Other comprehensive gain			
Foreign currency translation adjustment		(246,518)	2,976
Total comprehensive loss		(4,022,765)	(3,472,125)
Basic loss per share	15	(0.30)	(0.27)
Diluted loss per share	15	(0.30)	(0.27)

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

BURCON NUTRASCIENCE CORPORATION

Condensed Consolidated Interim Statements of Changes in Shareholders' (Deficiency) Equity

(Unaudited)

For the three months ended June 30, 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
Balance, March 31, 2025	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	-	-	-	-	-	-	-	(3,475,101)	-	(3,475,101)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	2,976	2,976
Stock-based compensation expense	-	-	-	124,054	-	1,739	-	-	-	125,793
Balance, June 30, 2025	12,688,076	131,581,539	19,216,437	5,872,374	670,019	39,292	-	(153,786,387)	4,056	3,597,330
Balance, March 31, 2026	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)
Net loss	-	-	-	-	-	-	-	(3,776,247)	-	(3,776,247)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(246,518)	(246,518)
Private placement	-	-	-	-	-	-	769,131	-	-	769,131
Deferred income tax	-	-	-	-	-	-	(207,147)	-	-	(207,147)
Issue costs	-	-	-	-	-	-	(1,518)	-	-	(1,518)
Options forfeited / cancelled	-	-	271,457	(271,457)	-	-	-	-	-	-
Restricted share unit redeemed	666	1,667	-	-	-	(1,667)	-	-	-	-
Stock-based compensation expense	-	-	-	207,126	-	(410)	-	-	-	206,716
Balance, June 30, 2026	12,692,942	131,615,966	20,733,667	4,816,982	825,415	7,520	1,614,162	(168,340,924)	(326,696)	(9,053,908)

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

BURCON NUTRASCIENCE CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

For the three months ended June 30, 2026 and 2025

(In Canadian dollars)

	Three months ended June 30	
	2026	**2025**
Cash flows from operating activities		
Net loss	(3,776,247)	(3,475,101)
Adjustments for:		
Depreciation expense	123,496	405,543
Amortization of deferred development costs	105,375	105,375
Stock-based compensation expense	206,716	125,793
Interest and other expense	1,192,846	784,638
Interest and other income	(25,528)	(58,915)
Write-down of inventory to net realizable value	1,756,877	611,679
Unrealized (gain) loss on derivative liability	(74,031)	-
Unrealized foreign exchange (gain) loss	(244,353)	252,453
Deferred income tax recovery	(207,147)	-
Interest expense paid	(503,975)	(145,381)
	(1,445,971)	(1,393,916)
Changes in non-cash working capital items:		
Amounts receivable and other receivables	(432,584)	(412,954)
Inventory	(1,507,245)	(625,581)
Prepaid expenses	11,664	(59,018)
Accounts payable and accrued liabilities	990,002	(171,728)
Deferred revenue and government assistance	7,281	(13,570)
Net cash used in operating activities	(2,376,853)	(2,676,767)
Cash flows from investing activities		
Interest income received	8,270	43,468
Acquisition of property and equipment	(57,065)	(148,053)
Net cash flows used in investing activities	(48,795)	(104,585)
Cash flows from financing activities		
Issuance of convertible notes	2,353,321	-
Issue costs of capital stock, warrants, convertible notes and secured loan	(45,221)	(78,987)
Payment of lease principal	(8,257)	(5,842)
Net cash flow from (used in) financing activities	2,299,843	(84,829)
Foreign exchange gain (loss) on cash	41,739	(178,275)
Decrease in cash	(84,066)	(3,044,456)
Cash, beginning of period	950,530	7,275,972
Cash, end of period	866,464	4,231,516

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

1. Going Concern

These condensed consolidated interim 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 condensed consolidated interim financial statements.

The Company has incurred losses since its inception and as at June 30, 2026, had an accumulated deficit of $168.3 million (March 31, 2026 - $164.5 million) and negative working capital of $11.2 million (March 31, 2026 – $10.6 million). During the three months ended June 30, 2026, the Company incurred a net loss of $3.8 million (2025 - $3.5 million) and had negative cash flow from operations of $2.4 million (2025 - $2.7 million). Subsequent to June 30, 2026, the Company received a loan of $1.4 million (Note 8) and announced an offering of convertible notes for aggregate proceeds of up to $8.1 million (Note 9).

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 condensed consolidated interim 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 condensed consolidated interim 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, fava, canola, soy, hemp, sunflower seeds, and other plant sources.

The following entities have been consolidated within these condensed consolidated interim financial statements:

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 condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and, as such, should be read in conjunction with the Company's consolidated annual financial statements for the year ended March 31, 2026.

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

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

These condensed consolidated interim financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on August 12, 2026.

3. Material accounting policies

The material accounting policies adopted in the presentation of these condensed consolidated interim financials statements are the same as those set out in the annual audited consolidated financial statements for the year ended March 31, 2026. Unless otherwise stated, these policies have been consistently applied to all periods presented.

(In Canadian dollars)

a) 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.

b) Newly adopted accounting standards and amendments

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

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 amendment was adopted on April 1, 2026 with retrospective application and the adoption did not have a significant impact on the condensed consolidated interim financial statements.

c) Reclassification of prior period amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.

4. Inventory

	June 30, 2026	**March 31, 2026**
Protein isolate	359,349	174,640
Raw materials	354,321	298,563
Spare parts	50,732	54,542
Balance – end of period	764,402	527,745

For the three months ended June 30, 2026, included in the cost of products is a write-down of inventory to net realizable value of $1,756,877 (2025 - $611,679).

(In Canadian dollars)

5. Property and equipment

	Equipment	Computer Equipment	Leasehold Improvements	Total
Cost:				
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
Additions	25,533	2,424	13,673	41,630
Disposals	(24,328)	(33,471)	-	(57,799)
Foreign translation adjustment	8,095	65	18,443	26,603
June 30, 2026	5,562,214	113,181	1,059,657	6,735,052
Accumulated depreciation:				
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
Depreciation	38,602	1,351	35,979	75,932
Disposals	(23,284)	(33,471)	-	(56,755)
Foreign translation adjustment	3,135	15	2,309	5,459
June 30, 2026	4,806,338	97,366	205,105	5,108,809
Net book value:				
March 31, 2026	765,029	14,692	860,724	1,640,445
June 30, 2026	755,876	15,815	854,552	1,626,243

(In Canadian dollars)

6. Right-of-use assets

	Office Lease	Property and Equipment	Total
Cost:			
March 31, 2025	105,268	14,875,488	14,980,756
Change in expected lease term[1]	(52,716)	-	(52,716)
Foreign translation adjustment	-	(451,990)	(451,990)
March 31, 2026	52,552	14,423,498	14,476,050
Disposals	(52,552)	-	(52,552)
Foreign translation adjustment	-	280,295	280,295
June 30, 2026	-	14,703,793	14,703,793
Accumulated depreciation:			
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
Depreciation	5,657	510,965	516,622
Disposal	(52,552)	-	(52,552)
Foreign translation adjustment	-	56,023	56,023
June 30, 2026	-	2,748,390	2,748,390
Net book value:			
March 31, 2026	5,657	12,242,096	12,247,753
June 30, 2026	-	11,955,403	11,955,403

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.

7. Lease liabilities

	Three months ended June 30, 2026	Year ended March 31, 2026
Balance, beginning of year	15,628,575	14,518,279
Interest expense	672,765	2,555,831
Change in expected lease term[1]	-	(52,716)
Principal and interest payments	(512,232)	(965,430)
Foreign translation adjustment	308,228	(427,389)
Balance, end of year	16,097,336	15,628,575
Current portion	2,834,432	2,314,261
Non-current portion	13,262,904	13,314,314
Balance, end of year	16,097,336	15,628,575

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.

(In Canadian dollars)

8. Secured and other loans

a) Secured loan

As at June 30, 2026, the principal amount outstanding from the first tranche of the Secured Loan is $5.0 million (March 31, 2026 - $5.0 million) and the principal amount outstanding from the second tranche of the secured loan is $2.0 million (March 31, 2026 - $2.0 million). On June 24, 2026, Burcon entered into a letter agreement to amend the maturity of the first tranche of the secured loan to December 17, 2026 and to amend the interest rate to 15%. The second tranche of the secured loan matures on December 17, 2026. Refer to Note 16 for discussion of the related party nature of the secured loan.

	Three months ended June 30, 2026	**Year ended March 31, 2026**
Balance, beginning of period	8,550,208	7,877,616
Interest expense accreted	280,969	672,592
Balance, end of period	8,831,177	8,550,208
Current portion of secured loan	8,831,177	8,550,208
Long term portion of secured loan	-	-
	8,831,177	8,550,208

b) Short-term loan

Subsequent to June 30, 2026, the Company entered into a loan for $1.4 million from an entity related to a director of Burcon, which has been fully drawn. The Company is continuing negotiations with the counterparty in regards to the structure of the loan.

9. Convertible Notes

a) 2025 Convertible Notes

In the year ended March 31, 2026, the Company had an offering of a non-brokered private placement of convertible notes (the “2025 Convertible Notes”) for an aggregate principal amount of up to $6.9 million (the “2025 Private Placement”). The Company closed the 2025 Private Placement in the following tranches:

- Tranche 1 closed on December 31, 2025 for gross proceeds of $1.25 million, with $685,300 of the gross proceeds received by an offset of a short-term loan.
- Tranche 2 closed on February 27, 2026 for gross proceeds of $2.75 million.
- Tranche 3 closed on April 24, 2026 for gross proceeds of $2.90 million, with $545,700 of gross proceeds received as an offset of accounts payable.

Each 2025 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 2025 Convertible Notes are convertible at the option of the holder (the "2025 Conversion Option"), in whole or in part, into common shares of the Company (the "Shares") at a conversion price of $1.60 per share ("2025 Conversion Price") and certain 2025 Convertible Notes are convertible at the option of the holder (the "2025 PF Warrant Conversion Option"), in whole or in part, into pre-funded warrants of the Company ("2025 PF Warrants") at a conversion price of $1.60 per 2025 PF Warrant ("2025 PF Warrant Conversion Price"). The 2025 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 2025 Convertible Notes with the 2025 PF Warrant Conversion Option are classified in their entirety as a financial liability and the Company estimated the initial fair value of these 2025 Convertible Notes to be $700,000 for those issued in the year ended March 31, 2026 and $1,231,00 for those issued in the three months ended June 30, 2026.

At any time after the first anniversary of the issuance date of the 2025 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 2025 Convertible Notes. 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 2025 Convertible Notes into Shares at the 2025 Conversion Price or to 2025 PF Warrants at the 2025 PF Warrant Conversion Price.

The 2025 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 2025 Convertible Notes were separately accounted for with the liability host contract classified as a liability recorded at amortized cost, the 2025 PF Warrant Conversion Option is classified as a derivative liability recognized at fair value through profit and loss and the 2025 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.

(In Canadian dollars)

Liability host contract

	Three months ended June 30, 2026	**Year ended March 31, 2026**
Balance, beginning of period	2,225,208	-
Issuance of convertible notes	1,563,582	2,201,163
Issuance costs	(4,204)	(57,286)
Interest expense accreted	239,035	81,331
Balance, end of period	4,023,621	2,225,208

Derivative liability

	Three months ended June 30, 2026	**Year ended March 31, 2026**
Balance, beginning of year	238,903	-
Issuance of convertible notes	567,286	318,997
Unrealized gain on derivative liability	(74,031)	(80,094)
Balance, end of year	732,158	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:

	Issuance in three months ended June 30, 2026	**As at June 30, 2026**	**Issuance in year ended March 31, 2026**	**As at March 31, 2026**
Expected volatility	76.8%	78.9%	78.9%	79.2%
Risk-free rate	3.1%	3.0%	2.7%	2.9%
Expected life (years)	4.0	3.8	4.0	3.9

Increases in the expected volatility are expected to result in increased fair value of the derivative liability. As at June 30, 2026 a 5% increase in volatility would result in an increase of $13,146 (March 31, 2026 - $4,300) in the value of the derivative liability and a 5% decrease in volatility would result in a decrease of $26,924 (March 31, 2026 - $8,850) in the value of the derivative liability

b) 2026 Convertible Notes

Subsequent to June 30, 2026, the Company launched a non-brokered private placement of convertible notes (the “2026 Convertible Notes”) for an aggregate principal amount of up to $8.1 million (the “2026 Private Placement”). The 2026 Private Placement is subject to approval of the TSX and disinterested shareholders, with shareholder approval expected to be obtained at the Company’s annual and general special meeting on September 16, 2026.

Each 2026 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 2026 Convertible Notes will be convertible at the option of the holder (the “2026 Conversion Option”), in whole or in part, into Shares at a conversion price of $1.60 per share (“2026 Conversion Price”) and certain 2026 Convertible Notes will be convertible at the option of the holder (the “2026 PF Warrant Conversion Option”), in whole or in part, into pre-funded warrants of the Company (“2026 PF Warrants”) at a conversion price of $1.60 per 2026 PF Warrant (“2026 PF Warrant Conversion Price”). The 2026 PF Warrants will be exercisable to acquire one common share of the Company at an exercise price of $0.00001 per Share.

At any time after the first anniversary of the issuance date of the 2026 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 2026 Convertible Notes. 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 2026 Convertible Notes into Shares at the 2026 Conversion Price or to 2026 PF Warrants at the 2026 PF Warrant Conversion Price.

10. Shareholders’ (deficiency) equity

a) 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.

(In Canadian dollars)

As at June 30, 2026, an additional 19,747 (March 31, 2026 – 109,753) options may be granted in future years under this plan.

	Number of options	**Weighted average exercise price $**
Outstanding, beginning of period	1,159,474	8.38
Granted	130,000	1.93
Forfeited/cancelled	(39,927)	10.22
Outstanding, end of period	1,249,547	7.65

The following table summarizes information about stock options outstanding and exercisable at June 30, 2026:

	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 $**
1.80 – 3.00	918,950	7.1	2.05	390,300	2.06
3.01 – 6.00	112,767	6.5	4.08	33,933	4.28
6.01 – 9.00	57,550	3.0	7.90	57,550	7.90
9.01 – 97.80	160,280	3.7	42.17	105,282	45.77
	1,249,547	6.4	7.65	587,065	10.60

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:

	Three months ended June 30, 2026
Exercise price	\$1.91 - \$2.37
Share price	\$1.91 - \$2.37
Dividend yield	0.0%
Expected volatility	75.4%
Risk-free interest rate	3.0%
Expected forfeitures	3.7%
Expected average option term (years)	5.0

The weighted average fair value of the options granted during the three months ended June 30, 2026 was \$1.22 per option.

(In Canadian dollars)

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:

	Three months ended June 30	
	2026	**2025**
Research and development	9,787	19,082
General and administrative	194,398	104,973
Cost of sales	2,941	-

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.

(number of RSUs)	**Three months ended June 30, 2026**
Outstanding, beginning of year	3,950
Granted	-
Redeemed	(666)
Forfeited / cancelled	(334)
Outstanding, end of year	2,950

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:

	Three months ended June 30	
	2026	**2025**
Research and development	229	1,192
General and administrative	(639)	547

(In Canadian dollars)

e) Warrants

As at June 30, 2026, Burcon had the following warrants outstanding:

	2023 Private Placement	**2024 Private Placement**	**Consultant Warrants**
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

11. Revenue

	Three months ended June 30	
	2026	**2025**
Sale of protein isolate	957,073	36,997
Contract manufacturing services	319,139	305,196
Revenue	1,276,212	342,193

12. Cost of sales

	Three months ended June 30	
	2026	**2025**
Raw materials consumed	801,886	98,049
Salaries and benefits	1,079,763	667,922
Depreciation of property and equipment and right-of-use assets	559,461	537,446
Utilities	587,802	189,849
Maintenance	164,651	70,298
Amortization of deferred development costs	105,375	105,375
Other	286,900	299,508
Change in finished goods inventory	(184,709)	(86,388)
Cost of sales	3,401,129	1,882,059

(In Canadian dollars)

13. Research and development

	Three months ended June 30	
	2026	**2025**
Salaries and benefits	84,844	97,145
Intellectual property	56,154	59,924
Laboratory operations	65,325	76,082
Depreciation of property and equipment	26,984	31,358
	233,307	264,509
Government assistance	(373)	(35,091)
Research and development expenses	232,934	229,418

14. General and administrative

	Three months ended June 30	
	2026	**2025**
Salaries and benefits	471,127	361,078
Professional fees	157,410	210,524
Office supplies and services	71,667	45,733
Investor relations	24,712	37,671
Travel and meals	8,354	26,782
Other	54,500	24,337
General and administrative expenses	787,770	706,125

15. Basic and diluted loss per share

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

	Three months ended June 30,	
	2026	**2025**
Basic and diluted net loss attributable to common shareholders - basic	(3,776,247)	(3,475,101)
	Shares	**Shares**
Weighted average common shares – basic and diluted	12,692,357	12,688,076
Basic and diluted loss per share	(0.30)	(0.27)

For the three months ended June 30, 2026 and 2025, the Company excluded all potential common share equivalents from the diluted loss per share calculation as they were anti-dilutive.

16. 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 8.

(b) Manufacturing agreement

RE ProMan LLC ("ProMan") is an entity controlled by Mr. John Vassallo, a director and shareholder of Burcon.

On February 2, 2025, Burcon entered into a manufacturing agreement with ProMan for the right to use an operate a protein production facility and where Burcon agrees to use ProMan to exclusively manufacture its products, creating an economic dependency. The manufacturing agreement is recorded as a lease in accordance with IFRS 16. In the three months ended June 30, 2026, Burcon paid ProMan $503,835 (2025 – $144,110) of the fixed fee payable in accordance with the manufacturing agreement. As at June 30, 2026, the balance of the lease liability pursuant to this manufacturing agreement is $16,097,336 (March 31, 2026 - $15,620,319).

In March 2025, Burcon paid a security deposit to ProMan of $1.4 million, which is non-interest bearing. In the three months ended June 30, 2026, Burcon accreted interest income of $17,258 (2025 – 16,406) on this deposit.

As at June 30, 2026, Burcon had an amount receivable from ProMan of $193,576 (March 31, 2026 - $287,772) and an amount payable to ProMan of $713,356 (March 31, 2026 - $367,480) in respect of expense reimbursements.

(c) Convertible notes

In connection with the private placement of the 2025 Convertible Notes (refer to Note 9), 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
- Tranche 3: $1.7 million of convertible notes were issued to an entity controlled by a director of the Company.

(In Canadian dollars)

(d) Short-term loans

Refer to Note 8(b).

17. Financial instruments

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. 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.

As at June 30, 2026	**1 year**	**2 years**	**3-5 years**	**Thereafter**
Accounts payable and accrued liabilities	2,503,232	-	-	-
Lease liabilities	3,154,226	4,240,133	16,294,252	3,005,237
Convertible notes	-	-	7,211,836	-
Secured Loan	8,787,471	-	-	-
	14,444,929	4,240,133	23,506,088	3,005,237

As at March 31, 2026	**1 year**	**2 years**	**3-5 years**	**Thereafter**
Accounts payable and accrued liabilities	2,074,320	-	-	-
Lease liabilities	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

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.

(In Canadian dollars)

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

At as June 30, 2026	**At fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair value**
Financial assets				
Cash	-	866,464	-	866,464
Amounts receivable	-	1,139,466	-	1,139,466
Long-term deposit	-	928,945	-	920,859
	-	**2,934,875**	**-**	**2,926,789**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	2,503,232	2,503,232
Convertible notes	-	-	4,023,621	3,979,695
Secured loan	-	-	8,831,177	8,831,177
Derivative liability	732,158	-	-	732,158
	732,158	**-**	**15,358,030**	**16,046,262**

As at March 31, 2026	**At fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair value**
Financial assets				
Cash	-	950,530	-	950,530
Amounts receivable	-	666,510	-	666,510
Long-term deposit	-	893,845	-	844,773
	-	**2,510,885**	-	**2,461,813**
Financial liabilities				
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	-	**12,849,736**	**13,044,458**

(In Canadian dollars)

18. 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:

	Three months ended June 30	
	2026	**2025**
Canada	-	3,702
United States	1,276,212	338,491
Total revenue	1,276,212	342,193

	As at	
	June 30, 2026	**March 31, 2026**
Canada	6,194,767	6,332,045
United States	13,996,524	14,236,073
Total non-current assets	20,191,291	20,568,118

For the three months ended June 30, 2026, sales to a single customer accounted for 59% of the sale of protein isolate and sales to a single customer accounted for 55% of revenues generated from contract manufacturing services.

19. 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 condensed consolidated interim 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.