**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**
**Three months ended June 30, 2026 and 2025**

(All amounts following are expressed in Canadian dollars unless otherwise indicated.)

This Management's Discussion and Analysis ("MD&A") has been prepared as at August 12, 2026 to provide a meaningful understanding of Burcon NutraScience Corporation's ("Burcon" or the "Company") operations, performance, and financial condition for the three months ended June 30, 2026. The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the periods ended June 30, 2026 and 2025, which are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as well as the audited consolidated financial statements for the year ended March 31, 2026. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligation" or the Canadian Securities Administrators. Additional information relating to Burcon, including the Company's Annual Information Form ("AIF"), is available on SEDAR+ at www.sedarplus.ca.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and "forward-looking information" as defined under applicable Canadian and U.S. securities laws (collectively, "**forward-looking statements**"), which may include, but are not limited to, statements with respect to possible events, conditions, acquisitions, or results of operations that are based on assumptions about future conditions and courses of action and include future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection, and also include, but are not limited to, statements with respect to the future financial and operating performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. When used in this MD&A the words "estimate", "budget", "project", "believe", "anticipate", "intend", "expect", "plan", "projects", "predict", "may", "should", "will", or the negatives of these words or other variations thereof and comparable terminology or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements. The forward-looking statements pertain to, among other things:

- The Company's growth strategy;
- the Company's plans to accelerate the manufacturing of its products;
- the Company's plans to work with its manufacturing partner to expand production capacity;
- production costs and pricing of its plant proteins;
- marketing strategies for the Company's plant proteins;
- development of commercial applications for its plant proteins;
- ability to produce proteins and protein isolates at sufficient scale and cost to achieve profitability;
- ability to produce proteins and protein isolates at a cost level which will make them competitive with animal proteins and other plant proteins;
- operation of production facilities;

- future protection of intellectual property and improvements to existing processes and products;
- regulatory approvals;
- input and other costs; and
- liquidity and working capital.

The forward-looking statements are based on a number of key expectations and assumptions made by management of the Company, including, but not limited to:

- the Company's ability to execute its business plan;
- the Company's ability to scale production and operations;
- the Company's ability to generate new sales;
- the Company's ability to produce, deliver and sell the expected product volumes at the expected prices;
- the Company's ability to obtain required regulatory approvals;
- the Company's ability to control costs;
- the Company's ability to obtain and maintain intellectual property rights and trade secret protection;
- market acceptance and demand for the Company's products;
- achievement of current timetables for product development programs and sales;
- the availability and cost of labour, input materials and supplies;
- the availability of additional financing to fund production and growth; and
- general economic and financial market conditions.

Although the Company believes that the factors and assumptions used to develop the forward-looking statements are reasonable, undue reliance should not be placed on such forward-looking statements. The forward-looking statements reflect the Company's current views with respect to future events based on currently available information and are inherently subject to risks and uncertainties. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this MD&A, including, but not limited to:

- the condition of the global economy and restrictions on trade (including, but not limited to, tariffs, prohibitions and quotas);

- market acceptance of the Company’s products;
- availability of input materials;
- changes in input materials and product pricing;
- changes in the Company’s customers’ requirements, the competitive environment and related market conditions;
- delays in the production or in the expansion of production capacity;
- product development delays;
- changes in the availability or price of labour and supplies;
- the Company’s ability to attract and retain business partners, suppliers, employees and customers;
- changing food or feed ingredient industry regulations;
- the regulatory regime;
- the Company’s access to funding and its ability to provide the capital required for product development, operations and marketing efforts, and working capital requirements; and
- the Company’s ability to protect its intellectual property;

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect changes in assumptions or the occurrence of anticipated or unanticipated events, except as required by law.

**The Company qualifies all the forward-looking statements contained in this MD&A by the foregoing cautionary statements.**

## GOING CONCERN

The Company’s condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that Burcon 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 the 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 and announced an offering of convertible notes for aggregate gross proceeds of up to $8.1 million.

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.

The 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. The 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.

## PROTEIN PRODUCTION FACILITY

On February 2, 2025, Burcon entered into the manufacturing agreement with RE ProMan, LLC ("ProMan") for the right to use and operate a protein production facility (the "Protein Production Facility"). Burcon began operating the Protein Production Facility on March 10, 2025.

In the year ended March 31, 2026, the Company launched commercial production and sales of the following proteins at the Protein Production facility:

- Peazazz® Pea Protein
- Puratein®C Canola Protein
- FavaPro™ Fava Protein

## SUNFLOWER PROTEIN LAUNCH

In January 2025, Burcon launched Solatein™ sunflower protein isolate, a high-purity protein ingredient designed to meet the evolving preferences of consumers worldwide. Solatein™ boasts a neutral flavour, off-white colour and exceptional functionality, providing ease of formulation in a variety of food applications, in particular, those with delicate flavours. With over 90% protein purity, Solatein™, is a non-GMO, hypoallergenic protein, and right in sulfur-containing amino acids, which enhances nutritional profiles and complements existing formulations.

Burcon continues to produce Solatein at pilot scale and enter into material transfer agreements with potential customers and has received positive feedback. Burcon expects to commercialize its sunflower protein process at the Protein Production Facility in calendar 2027.

## CONVERTIBLE NOTES

### *2025 Convertible Notes*

In the year ended March 31, 2026, the Company conducted 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. $685,300 of the gross proceeds were 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. $545,700 of the gross proceeds were received by an offset of accounts payable owed to ProMan, an entity related to an insider who subscribed to Tranche 3.

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 share ("2025 PF Warrant Conversion Price"). The 2025 PF Warrants will be exercisable to acquire one Share at an exercise price of $0.00001.

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 Toronto Stock Exchange ("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 2025 PF Warrants at the 2025 PF Warrants 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.

Management is using the proceeds of the private placement to fund the acceleration of production and sales as well as fund ongoing operating costs.

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.

*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 financial instrument*

| | 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) |
| Derivative liability | 732,158 | 238,903 |

The fair value of the derivative liability is 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.

*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.

## 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.

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.

| | **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 |

## SHORT-TERM LOANS

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.

## INTELLECTUAL PROPERTY

Burcon's patent strategy is to seek protection for new technologies as well as further protecting current technologies. Over the years, Burcon has filed patent applications in various countries over its inventions. Burcon's patent applications can be grouped into three categories:

- Applications to protect additional novel protein extraction and purification technologies;
- Applications to protect the uses of Puratein®, Supertein® and Nutratein® canola proteins, CLARISOY® soy protein, Peazazz® pea protein, Solatein™ sunflower protein, FavaPro™ fava protein and other plant proteins including hemp protein, for example, as functional food and beverage ingredients; and
- Applications to protect the "signature characteristics" of Puratein®, Supertein® and Nutratein® canola proteins, CLARISOY® soy protein, Peazazz® pea protein, Solatein™ sunflower protein, FavaPro™ fava protein and other plant proteins, including and hemp protein.

As part of Burcon's regular review of its patent portfolio, Burcon focuses its efforts on the maintenance and prosecution of patents that are essential to achieving its strategic efforts. Accordingly, Burcon may defer or cease its maintenance payments on certain non-core patents and patent applications which it deems to be non-essential or redundant for the purposes of achieving its strategic objectives.

Burcon currently holds 28 U.S. issued patents relating to canola protein, soy protein, pulse (including pea and fava) protein, flax protein and protein from other oilseeds including sunflower and hemp. In addition, Burcon has a further 9 patent applications currently filed with USPTO.

Burcon has also filed applications for most of its inventions internationally under the Patent Cooperation Treaty of the World Intellectual Property Organization. Together with patents issued in other countries, Burcon now holds a total of 52 issued patents covering inventions that include the 28 granted U.S. patents. Currently, Burcon has 37 additional patent applications that are being reviewed by the respective patent offices in various countries.

## SUMMARY OF OPERATING RESULTS

Amounts in the table below are in thousands of dollars, except share and per-share amounts

| | Three months ended June 30 | |
|---|---|---|
| | **2026** | **2025** |
| Revenue | 1,276 | 342 |
| Loss from operations | (3,146) | (2,475) |
| Net loss | (3,983) | (3,475) |
| Basic and diluted loss per share | (0.30) | (0.27) |
| Weighted average shares outstanding – basic and diluted | 12,692,357 | 12,688,076 |

For the three months ended June 30, 2026, loss from operations increased 27% over the prior year, driven by the Company's increase in cost of sales from the scale up of commercial production and operations. This increase was partially offset by the increase in revenue.

## RESULTS OF OPERATIONS

### Revenues

Components of revenue for are as follows (in thousands of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | **2026** | **2025** |
| Sale of protein | 957 | 37 |
| Contract manufacturing services | 319 | 305 |
| Revenue | 1,276 | 342 |

For the three months ended June 30, 2026, revenues increased 273% over the comparable prior year quarter, which was driven by the increase in sale of proteins. In the prior fiscal year, the Company completed the commissioning of its production facility and launched commercial production of its pea, fava and canola proteins. In the current quarter, the Company has continued to scale production and revenues of these proteins.

### Cost of sales

Components of cost of sales for are as follows (in thousands of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | **2026** | **2025** |
| Raw materials consumed | 802 | 98 |
| Salaries and benefits | 1,080 | 668 |
| Depreciation of property and equipment and right-of-use assets | 559 | 538 |
| Utilities | 588 | 190 |
| Maintenance | 165 | 70 |
| Amortization of deferred development costs | 105 | 105 |
| Other | 287 | 299 |
| Change in finished goods inventory | (185) | (86) |
| Cost of sales | 3,401 | 1,882 |

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).

*Raw material consumption*

Raw materials consumed for the three months ended June 30, 2026 increased 720% over the prior year comparable quarter driven by scale up of operations. In the first quarter of fiscal 2026, the Company commissioned its production facility and commercialized its pea proteins at the production facility. Comparably, in the first quarter of fiscal 2027, the Company had ongoing production of its plant protein offerings, increasing its production volume and associated raw material consumption.

*Salaries and benefits*

Salaries and benefits for the three months ended June 30, 2026 increased 62% over the prior year comparable quarter driven by the scale up of operations and related increased in number of production days.

*Utilities*

Utilities for the three months ended June 30, 2026 increased 209% over the prior year comparable quarter driven by the scale up of operations and related increased in production volume and number of production days.

**Research and development expenses**

Components of research and development ("R&D") expenditures (in thousands of dollars)

| | **Three months ended June 30** | |
|---|---|---|
| | **2026** | **2025** |
| Salaries and benefits | 85 | 97 |
| Intellectual property | 56 | 60 |
| Laboratory operations | 65 | 76 |
| Depreciation of property and equipment | 27 | 31 |
| | 233 | 264 |
| Government assistance | (0) | (35) |
| Research and development expenses | 233 | 229 |

Research and development for the three months ended June 30, 2026 increased 1% relative to the prior year comparable quarter. The increase is due to the reduction in government assistance and is partially offset by decrease in gross research and development spend due to the Company's continued focus of its resources, including financial spend, on commercial production.

**General and administrative expenses**

Components of general and administrative ("G&A") expenditures (in thousands of dollars)

| | 2026 | 2025 |
|---|---|---|
| Salaries and benefits | 471 | 361 |
| Professional fees | 157 | 211 |
| Office supplies and services | 72 | 46 |
| Investor relations | 24 | 38 |
| Travel and meals | 8 | 27 |
| Other | 55 | 24 |
| General and administrative expenses | 788 | 706 |

*Salaries and benefits*

Salaries and benefits for the period ended June 30, 206 increased 30% over the prior year comparable quarter, driven by a $170,000 increase in stock-based compensation in the current quarter driven by option grants to directors in the period.

*Professional fees*

Professional fees for the three months ended June 30, 2026 decreased 26% relative to the prior year comparable quarter. The decrease is due to the Company's continued focus of its resources, including financial spend, on commercial production.

## LIQUIDITY AND FINANCIAL POSITION

At June 30, 2026, the Company had cash of $0.9 million and negative working capital of $11.2 million, largely driven by the current nature of the Secured Loan with a balance of $8.8 million, which matures on December 17, 2026. The Company has access to $3.0 million of undrawn capacity on the second tranche of the Secured Loan.

Net cash used in operations during the three months ended June 30, 2026 was $2.4 million, as compared to $2.7 million in the prior year. The decrease in net cash used in operations was driven by working capital changes and was partially offset by the increased loss in operations due to the scale up of commercial production and sales.

Subsequent to June 30, the Company received a loan of $1.4 million (refer to page 8) and announced an offering of convertible notes for aggregate proceeds of up to $8.1 million (refer to pages 5 - 7). The Company will require additional funding to meet its short and long-term liquidity requirements and there can be no assurances that additional financing will be available on acceptable terms, if at all.

## FINANCIAL INSTRUMENTS

The Company's financial instruments are cash, amounts receivable, long-term deposit, accounts payable and accrued liabilities, secured loan, convertible notes and derivative liability.

**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 cashflows are equal to the carrying value.

(in thousands of dollars)

| As at June 30, 2026 | **1 year** | **2 years** | **3-5 years** | **Thereafter** |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | 2,503 | - | - | - |
| Lease liabilities | 3,154 | 4,240 | 16,294 | 3,005 |
| Convertible notes | - | - | 7,212 | - |
| Secured Loan | 8,787 | - | - | - |
| | 14,444 | 4,240 | 23,506 | 3,005 |

| As at March 31, 2026 | **1 year** | **2 years** | **3-5 years** | **Thereafter** |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | 2,074 | - | - | - |
| Lease liabilities | 2,570 | 4,159 | 15,550 | 4,422 |
| Convertible notes | - | - | 4,082 | - |
| Secured Loan | 8,642 | - | - | - |
| | 13,286 | 4,159 | 19,632 | 4,422 |

**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 and convertible notes are based on level II inputs and is estimated based on risk free interest rates on government debt instruments of similar maturities, adjusted for credit risk.

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

(in thousands of dollars)

| As at 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 | - | 866 |
| Amounts receivable | - | 1,139 | - | 1,139 |
| Long-term deposit | - | 929 | - | 921 |
| **Total** | **-** | **2,934** | **-** | **2,926** |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities | - | - | 2,503 | 2,503 |
| Convertible notes | - | - | 4,024 | 3,980 |
| Secured loan | - | - | 8,831 | 8,831 |
| Derivative liability | 732 | - | - | 732 |
| **Total** | **732** | **-** | **15,358** | **16,046** |

| 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 | - | 951 | - | 951 |
| Amounts receivable | - | 666 | - | 666 |
| Long-term deposit | - | 894 | - | 845 |
| **Total** | **-** | **2,511** | **-** | **2,462** |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities | - | - | 2,074 | 2,074 |
| Convertible notes | - | - | 2,225 | 2,181 |
| Secured Loan | - | - | 8,550 | 8,550 |
| Derivative liability | 239 | - | - | 239 |
| **Total** | **239** | **-** | **12,849** | **13,044** |

## OUTSTANDING SHARE DATA

As at June 30, 2026, Burcon had 12,692,942 common shares outstanding, stock options convertible into 1,249,547 common shares at a weighted average exercise price of $7.65, warrants exercisable into

1,544,249 common shares at a weighted average exercise price of $3.50, convertible notes outstanding convertible into 4,312,500 shares at a conversion price of $1.60, and 2,950 restricted share units outstanding.

As at the date of this MD&A, Burcon had 12,692,942 common shares outstanding, stock options convertible into 1,249,547 common shares at a weighted average exercise price of $7.65, warrants exercisable into 1,544,249 common shares at a weighted average exercise price of $3.50, convertible notes outstanding convertible into 4,312,500 shares at a conversion price of $1.60, and 2,950 restricted share units outstanding.

## QUARTERLY FINANCIAL DATA

(Derived from unaudited interim financial statements. All figures in thousands of dollars, except per-share amounts)

| | Three months ended | | | |
|---|---|---|---|---|
| | June 30, 2026 | March 31, 2026 | December 31, 2025 | September 30, 2025 |
| Revenue | 1,276 | 827 | 739 | 357 |
| Interest and other income | 26 | 22 | 22 | 36 |
| Net loss | (3,776) | (3,601) | (3,575) | (3,593) |
| Basic loss per share | (0.30) | (0.29) | (0.28) | (0.28) |
| Diluted loss per share | (0.30) | (0.30) | (0.28) | (0.28) |

| | Three months ended | | | |
|---|---|---|---|---|
| | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 |
| Revenue | 342 | 43 | 61 | 40 |
| Interest and other income | 59 | 34 | 5 | 14 |
| Net loss | (3,484) | (2,256) | (1,784) | (2,355) |
| Basic and diluted loss per share | (0.27) | (0.23) | (0.25) | (0.33) |

Revenue in the first quarter of fiscal 2027 increased 54% quarter over quarter and 273% over the comparable year ago quarter. Net loss in the first quarter of fiscal 2027 increased 5% quarter over quarter and 8% over the comparable year ago quarter. The increases are driven by the commercialization of Burcon's plant proteins and the continued scale up of production and sales.

## RELATED PARTY TRANSACTIONS

*Manufacturing Agreement*

ProMan is 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 and operate a 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.

*Convertible Notes*

In connection with the Private Placement of the 2025 Convertible Notes (refer to pages 5 - 7), 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.

*Short-term loans*

Refer to page 9.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements, the reported amount of revenue and expenses during the reporting period, and disclosures made in the notes to the condensed consolidated interim financial statements. Outlined below are the assumptions and other sources of estimation uncertainty as at June 30, 2026 that have a risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next year.

*Areas of judgement*

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

<u>Going concern</u>

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, generate revenue and raise additional capital. Certain judgements were made when determining if and when the Company will successfully implement its business strategy to scale production, commercialize technologies, generate revenue and to secure additional financing.

Determination of Cash-Generating Units ("CGUs")

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

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:

Useful lives of property and equipment, right-of-use assets and deferred development costs

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, affecting the expected useful lives and salvage values of the property and equipment and intangible assets.

Goodwill impairment assessment

The Company determines the recoverable amount of its CGU when performing its annual impairment test for goodwill. In determining the recoverable amount, the Company considers its market capitalization in determining the recoverable amount. The estimate of recoverable amount is based on management's best estimates of what an independent market participant would consider appropriate.

Lease discount rate

At 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 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 judgment, particularly in the absence of observable market rates. The Company estimates the IBR for each lease by considering the terms and conditions including the lease term, type of asset and amount needed to obtain an asset of 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

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

Convertible Notes

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

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

## ACCOUNTING STANDARDS AND AMENDMENTS 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.

## 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.

## RECLASSIFICATION OF PRIOR PERIOD AMOUNTS

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

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer, as well as other executives, have designed disclosure control and procedures ("DC&P"), or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company has been made known to them. The officers have evaluated the effectiveness and design of its DC&P as at June 30, 2026 and have determined these controls to be effective.

These officers are also responsible for designing and maintaining internal controls over financial reporting ("ICFR") and have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of the Company's ICFR. They have evaluated and determined these internal controls and procedures over financial reporting as at June 30, 2026 and concluded they are effective.

There have been no significant changes in the DC&P and ICFR that occurred during the three months ended June 30, 2026 that could have materially affected, or are reasonably likely to materially affect, such controls.

## RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties that can significantly affect its financial condition and future operations. Key risks factors are outlined below. In addition, a detailed explanation of the risk factors which we face is provided in our AIF for the year ended March 31, 2026 under the section titled "Risk Factors", which is incorporated by reference herein. The AIF is available at www.sedarplus.ca.

**Patents and proprietary rights –** Burcon's success will depend, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing on the proprietary rights of others or having others infringe on its rights. Burcon has filed applications for most of its inventions internationally under the Patent Cooperation Treaty of the World Intellectual Property Organization. As at the date of this MD&A, Burcon has been granted a total of 52 patents in various countries covering a number of key processes and uses of Burcon's protein products as functional food and beverage ingredients. Of those patents, 28 have been granted in the United States. Although Burcon expends significant resources and efforts to patent its discoveries and innovations, there can be no assurance that our patent applications will result in the issuance of patents, or any patents issued to Burcon will provide it with adequate protection or any competitive advantages, or that such patents will not be successfully challenged by third parties. Burcon cannot be assured that competitors will not independently develop products similar to the Company's products or manufacture products designed to circumvent the exclusive patent rights granted to the Company. Further, Burcon may need to incur significant expenditures in prosecuting claims against others whom it believes are infringing on its rights and by defending claims of intellectual property infringement brought by its competitors and others.

**Development and commercialization –** Since inception, Burcon has conducted research and development on a number of plant proteins, including soy, pea, canola, hemp, sunflower and others.

In the year ended March 31, 2026, Burcon entered into the manufacturing agreement with ProMan to obtain production capacity through the Protein Production Facility and Burcon began operating this facility on March 10, 2025. In the year ended March 31, 2026, the Company commissioned the Protein Production Facility and launched commercial production and sales of its pea, canola and fava proteins, which were produced at a negative gross margin. In the three months ended June 30, 2026, the Company continues to operate the Protein Production Facility and scale production and sales, while currently producing at a negative gross margin. There can be no assurances that the Company will be able to successfully produce at sufficient scale and production cost to enable the Company to achieve profitability and generate positive cash flows. In addition, Burcon faces pricing risks for its products as its proteins are priced at a premium to market in order to achieve its business objectives.

The Company intends to launch commercial production of its sunflower proteins in calendar 2027. There can be no assurance as to whether Burcon will be able to successfully commercialize its sunflower protein.

The rising popularity of plant proteins has resulted in significant growth with increased participation by competitors entering the market to produce plant proteins. Many competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing, and human resources than Burcon. These competitors may succeed in commercializing their products earlier than Burcon or in development of products that are more effective than those proposed to be developed by Burcon.

**History of operating losses and financing requirements** – Burcon has accumulated net losses of approximately $168.3 million from its date of incorporation through June 30, 2026. In the year ended March 31, 2026, Burcon began generating significant revenues through the sale of its protein products and has continued to scale revenue in the three months ended June 30, 2026. However, it will take time for Burcon to scale production and revenues such that they can sustain the Company's operations without external financing. Burcon expects its accumulated losses to increase in the near term as it continues to commercialize its products, scale production and advance its research and development of plant proteins. Burcon cannot predict if it will ever achieve profitability and, if it does, it may not be able to sustain or increase its profitability. The commercial success of any of Burcon's products will depend on whether they receive public and industry acceptance as a food ingredient and dietary supplement, and whether they may be sold at competitive prices or are able to obtain sufficient royalty revenue from licensing, which adequately exceeds Burcon's business costs.

Developing Burcon's products and conducting product application trials is capital intensive. Since acquiring its subsidiary in October 1999, Burcon has raised gross proceeds of $138.5 million from the sale or issuance of equity securities and convertible debentures. As at June 30, 2026, Burcon had $0.9 million in cash and will need to raise additional capital to fund its strategic objectives and operations. Subsequent to June 30, 2026, the Company received a loan of $1.4 million and announced an offering of convertible notes for aggregate gross proceeds of up to $8.1 million. Additional financing may not be available on acceptable terms, if at all.

## OUTLOOK

For the remainder of fiscal 2027, Burcon's main objectives will be scale production and sales of its proteins. Burcon will further develop its pipeline of plant-based protein technologies to include other novel renewable plant sources. Burcon's activities will include:

- working with ProMan to produce Burcon's plant proteins at the scale, cost and quality to meet customer expectations;
- building its sales pipeline for its plant proteins to fuel revenue growth;
- leveraging Burcon's research and development team to tailor product attributes to maximize margin potential;
- Advancing Burcon's pipeline of plant-based protein technologies by conducting research to develop and refine its extraction and purification processes for novel protein products.
- working with ProMan to execute the parties' capacity expansion plans at the Protein Production Facility;
- pursuing product development agreements with major food, beverage and nutritional product companies to develop improved or novel applications for Burcon's other specialty proteins into their products;
- filing patent applications to protect intellectual property arising from research and development of new protein technologies.

## MERIT FUNCTIONAL FOODS CORPORATION

Burcon has a 100% interest in Burcon NutraScience Holdings Corp. ("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 (the "AIP Loan") from Agriculture and Agri-Food Canada ("AIP"). All shareholders of Merit Foods provided a guarantee for the AIP Loan (the "AIP Guarantee"), which is joint and several. Burcon Holdings and the other shareholders of Merit Foods entered into a reciprocal indemnity agreement whereby if any AIP Guarantor (the "Paying Guarantor") is required to make a payment under the AIP Guarantee and any other AIP Guarantor (each a "Contributing Guarantor") has not made a corresponding payment equal to its share based on its shareholdings in Merit Foods ("Contributive Share"), such Contributing Guarantors shall pay the Paying Guarantor such amount so that, after payment, all obligations and liabilities under the AIP Guarantee will have been borne by the AIP Guarantors in their original respective shareholding percentage in Merit Foods. Since Merit Foods was placed in receivership, Burcon Holdings has not received any communication from AIP with respect to the AIP Guarantee.

At June 30, 2026, Burcon Holdings' total exposure from principal amounts of guarantees provided to EDC, FCC and AIP is $103.5 million (2025 - $103.5 million).

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

Deconsolidation of Burcon Holdings

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

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