



POWERED BY PLANTS

Burcon NutraScience
August 7, 2020

Burc**n**
A New World in Protein®

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At a Glance

- 🌱 Twenty years developing novel plant-based protein ingredients
- 🌱 \$92M invested to-date
- 🌱 Protein technologies in:
 - Pea / canola / hemp / flax
- 🌱 U.S. issued patents 70
 - Global issued patents 287
 - Global patent applications 257
- 🌱 Collaboration with Nestle – the global leader in plant-based foods
- 🌱 Recent **transformational development** – JV establishing Merit Functional Foods



Plant-based Surging

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* No association with Burcon exists or is intended to be implied

**Is there more to plant-based eating than
meat alternatives?**

Plant-based Surging



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The Promise of Plant-based

Why plant-based protein ingredients?

Supply:

Consistency of product versus animal protein sources

Lower price versus animal proteins

Long-term price stability

Environmentally sustainable (ESG)

Consumer preference:

Clean label

Sustainability/Climate Change

Vegetarianism/Veganism



Protein Ingredients Drivers

Nutritional value:

Critical macro-nutrient in our diet
Health conscious consumers

Functional value:

Vital function in almost every food & beverage:

Emulsifier

Whipping / foaming agent

Binding agent

Gelling agent

Film-forming agent

Flavor value:

Taste is king

Consumers demand great tasting products

Plant Protein Challenges

Food companies would like to use plant-based protein ingredients in their products...

However, there are challenges with plant proteins.




Undesirable flavors
Gritty texture / poor mouthfeel
Sub-par nutritional value
Organoleptic problems


Existing plant proteins have challenges with BOTH of the key value drivers of proteins: function and nutrition

The Answer...

What **differentiates** Burcon's proteins?

 **Flavor** – exceptionally clean and neutral flavor equals great taste in applications

 **Solubility** – near complete solubility without undesirable gritty mouthfeel

 **Nutrition** – protein blends with nutritional quality equal or greater to dairy or beef

 **Purity** – greater than 90% pure protein

Differentiated Plant Proteins

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Nestlé Good Food, Good Life

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[Home](#) [Media](#) [Latest news](#) [Nestlé announces collaboration with Burcon and Merit for plant-based ingredients](#)

JAN 24, 2020

Nestlé announces collaboration with Burcon and Merit for plant-based ingredients



Nestlé today announced a collaboration with Burcon and Merit, two key players in the development and production of high-quality plant proteins. This partnership will enable Nestlé to further accelerate the development of nutritious and great-tasting plant-based meat and dairy alternatives with a favorable environmental footprint.





Nestle Collaboration



Nestle CEO, Ulf Mark Schneider:

Aug 27, 2019

"Plant-based is a major, major theme for us, and it's not only about meat analogues, it's also about dairy. So think about ice cream and coffee creamers."

Source: [Jim Cramer, Mad Money CNBC](#)

Jan 21, 2020

"Overall, I think plant-based will be a continuing theme, not only for meat alternatives. This is going to be a ten, twenty, thirty-year thing. I think it's one of the best ways to meet health goals with sustainability goals – We call it 'right for you, right for the planet'. This is not going to be a short-term fad."

Source: [World Economic Forum Davos 2020, CNBC](#)

Nestle CTO, Stefan Palzer:

"Developing nutritious and great-tasting plant-based meat and dairy alternatives requires access to tasty, nutritious and sustainable raw materials as well as proprietary manufacturing technology. The partnership with Burcon and Merit will give us access to unique expertise and a new range of high-quality ingredients for plant-based food and beverages."

Source: Nestle news release

Merit Functional Foods JV



Barry Tomiski, Co-CEO

Over 30 years of experience in the food industry, most recently leading Manitoba Harvest as COO. Previous sales and operational leadership roles at Cargill and Maple Leaf Foods.



Ryan Bracken, Co-CEO

Over 18 years of experience in food manufacturing, most recently as VP of Innovation at Manitoba Harvest. Previously led the financing, development and commissioning of Hemp Oil Canada's 40,000 sf facility.



Shaun Crew, Director

Founded Hemp Oil Canada Inc. in 1998. The company grew to become the world's largest producer and processor of bulk hemp food products and ingredients.



Background

Bracken, Tomiski and Crew are veterans of the agri-foods industry, most notably demonstrated by the rapid growth and successful sale of Hemp Oil Canada Inc.

Founded by Crew in 1998, it grew to become the world's largest producer and processor of hemp foods products and ingredients.

Bracken, Tomiski and Crew's association with Hemp Oil Canada ended with the acquisition of FHF Holdings Ltd., the parent company, by Tilray Inc. (NASDAQ: TLRY) for \$419 million on February 20, 2019

Merit Functional Foods



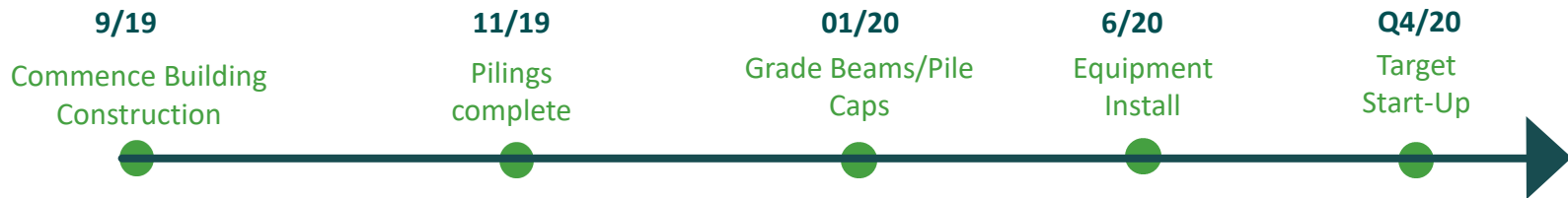
- Building 94,000 ft² pea + canola protein production plant
- Phase-1 processing capacity 20,000 tonnes (already expanded)
- World's only commercial-scale canola protein production facility
- Secured \$95 million debt financing from EDC/FCC + CIBC + AAFC
- Burcon owns 40% equity position
- Merit Foods 20-year exclusive royalty-bearing license from Burcon
- Burcon scientific and technical support through signed Services Agreement



Merit Functional Foods



Building Underway! Q4 2020 Startup



Merit Functional Foods



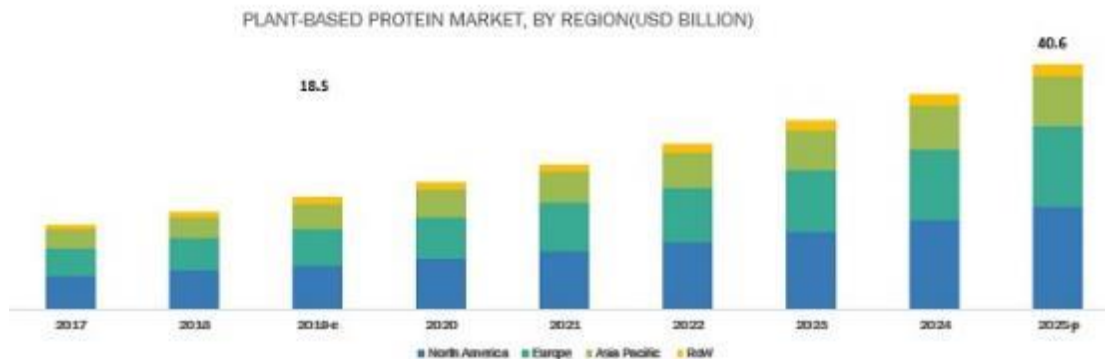
Tuesday August 4th, 2020



Plant Protein Pure Play

Market Growth

- Plant-based protein market valued at USD \$18.5 billion in 2019
- Projected to grow at CAGR of 14% to \$40.6 billion by 2025



Source: Markets and Markets 2019 report

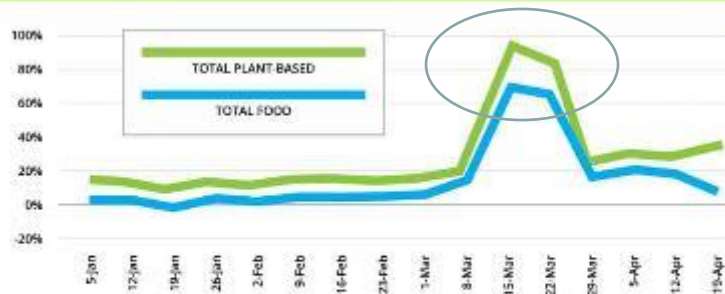
Sustainable Investing with ESG Factors

- Plant-based technologies for a sustainable future
- Protein ingredients that are right for you, right for the planet



Plant-based Surging

Plant-based vs. Total Food Retail Sales



Plant-based foods sales spiked 90% (compared to last year) at peak of panic buying, 25% higher than total food sales. Plant-based foods sales grew 27%, 35% faster than total food sales over four weeks post panic buying.



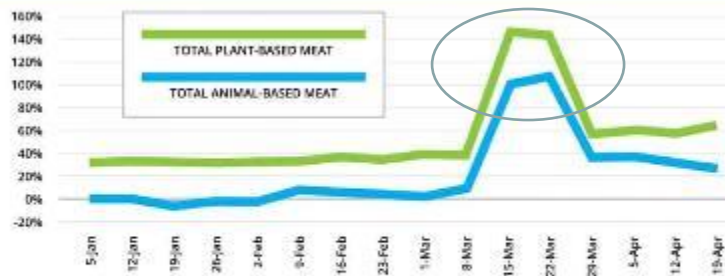
Source: 76 weeks ending April 13, 2020. Commissioned data from SPINS.

plantbasedfoods.org

US plant-based food outpaced total retail food sales during pandemic

- Plant-based food sales up 90% during mid-March vs 2019
- Following peak panic buying in March, plant-based foods sales grew at 27%
- Plant-based meat sales spiked 148% during mid-March vs 2019
- Following peak panic buying in March, plant-based meat sales grew at 61%
- Switch to plant-based meats fueled by shortage of animal-based meats

Plant-based vs. Animal-based Meat Retail Sales



Plant-based meat spiked 148% (compared to last year), 50% greater than peak panic buying of animal-based meat (95%). Plant-based meat sales grew 61%, 1.8x faster than animal-based meat (34%), over four weeks post panic buying, and continues to grow while animal-based sales growth has slowed down.



Source: 76 weeks ending April 13, 2020. Commissioned data from SPINS.

plantbasedfoods.org

Source: PBFA and SPINS

Burcon's Technical Center



**13 Scientists & Engineers with 180+ years
combined experience with Burcon**

Intellectual Property Portfolio



Issued Patents

Patent Class	Soy	Canola	Flax	Pulses	Hemp	Total
Process	98	66	24	22	2	212
Composition	15	37		1		53
Application	12	10				22
Total	125	113	24	21	2	287

Pending Patents

Patent Class	Soy	Canola	Flax	Pulses	Hemp	Other	Total
Process	96	16	1	59		9	181
Composition	19			17	13		49
Application	4	5		18			27
Total	119	21	1	94	13	9	257

Patent Portfolio

	July 2020
U.S. Issued	70
Total Issued	287
Total Pending	257

R&D Pipeline



Canola Technology Enhancement

- Phase 1B expansion
- Game changer opportunity in alternative meat industry
- Egg replacement applications
- Protein blends show promise for medical nutrition applications



Flax / Mung Bean / Faba Bean / Other Novel Plant Proteins

- Develop technologies from alternative plant-based protein sources



Hemp Protein and Derivatives

- Explore using Burcon's technologies to extract value-added products
- Joint development agreements with major companies

Burcon Looking Forward

- In advanced stage of negotiation/discussions for partnering and development agreements with some major players
- Winnipeg Technical Centre (“WTC”) offers bandwidth for R&D and small-scale production of additional alternative plant proteins and/or additional phyto-chemical products for these joint development projects
- Assessment recently completed to adapt WTC up to CFIA standards
- Burcon will also continue to conduct self-directed research on additional alternative plant protein opportunities including patenting activities



Strategy



Royalty on protein sales



Joint Development agreements for product development



Merit Functional Foods operating entity
producer: pea and canola proteins

Thank-You