RED LIGHT HOLLAND CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

(Expressed in Canadian Dollars)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Red Light Holland Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Red Light Holland Corp. (the Company), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended March 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment Testing of Goodwill and Property, Plant and Equipment ("PPE")

Description of the matter

As more fully described in Note 6 and 8 to the consolidated financial statements, the Company's goodwill and property plant and equipment relate to a single cash generating unit (CGU's): Acadian Exotic Mushrooms Ltd.

In accordance with IAS 36, *Impairment of Assets*, management is required to test goodwill and indefinite life intangible assets for impairment annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use ("VIU") and its fair value less costs of disposal ("FVLCD").

For this CGU, management determined the recoverable amounts for goodwill and property, plant and equipment using the net assets method to estimate FVLCD, referencing market data and company-specific information, largely future cash flow projections were not considered reliable.

As a result of the recoverability estimates, impairment totalling $532,000 was recognized as of March 31, 2025, comprising $280,000 for goodwill and $252,000 for property, plant and equipment.

Why the matter is a key audit matter
This matter represented an area of significant risk of material misstatement given the magnitude of the CGU and the high degree of estimation uncertainty in determining the recoverable amounts. In addition, significant auditor judgement, knowledge and effort were required. Lastly, the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit
The following were the primary procedures we performed to address this key audit matter:

- Reviewed memorandum from management describing the company’s strategic plan for the AEM PPE;
- Involved valuation and appraisal professionals with specialized skills and knowledge who assisted in evaluating the reasonableness of management’s quantitative impairment analysis; notably an appraisal report covering a portion of the Company’s AME land and building;
- Compared market data and key company-specific information used in the impairment analysis to external sources and supporting documentation;
- Tested the mathematical accuracy of the impairment calculations; and;
- We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements.

Measurement, Classification and Modification of Convertible Debentures

Description of the matter
As more fully described in Note 9, on April 8, 2024, the Company closed an extension of the March 2021 convertible debentures that matured on March 31, 2024; the extension included additional borrowings which increased the principal value to $750,000 (the “April 2024 Debentures”).

The issuance of the April 2024 Debentures was considered a modification in accordance with IFRS 9, *Financial Instruments*, and accordingly a gain on modification of $108,509 was recorded in the statements of loss and comprehensive loss.

The April 2024 Debentures were determined to be a compound financial instrument and management applied judgment in assessing the accounting treatment for the components of the April 2024 Debentures. Notably whether the conversion feature qualified as a derivative liability or equity instrument based on the “fixed-for-fixed” requirement in IAS 32, *Financial Instruments: Presentation*.

The initial value of the conversion feature of the April 2024 Debentures, determined to be a derivative liability, as the “fixed-for-fixed” test was not met, was computed using the Black-Scholes option pricing model.

The initial value of the financial liability component of the April 2024 Debentures was determined using the residual method and accordingly measured as the difference between the face value of the convertible debentures and the initial value of the derivative liability component.

Why the matter is a key audit matter
This matter represented an area of significant risk of material misstatement given the magnitude of the value of the April 2024 Debentures and the high degree of estimation uncertainty in determining the initial measurement of the components of the loan. Further, the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures.

Management applied judgment in assessing the accounting treatment of the April 2024 Debentures including whether the conversion feature met the “fixed-for-fixed” requirement to be classified as equity and in determining the appropriate discount rate to apply. This in turn, led to a high degree of auditor judgement and effort in performing procedures to test management’s assumptions.

How the matter was addressed in the audit
The following were the primary procedures we performed to address this key audit matter:

- We read the associated agreements and evaluated whether management’s accounting application was consistent with noted terms; markedly observing the fixed conversion price requirement, as is a requirement for the “fixed-for-fixed” condition, not being met, on the basis the conversion feature included an anti-dilution clause;
- Performed quantitative assessment (the 10% test) and determined the debt restructuring did constitute a substantial modification in accordance with IFRS 9;
- We involved our internal valuation professionals with specialized skills and knowledge who assisted in evaluating the reasonableness of management’s valuation of the conversion feature; including inputs to the black-scholes pricing model;
- Reviewed, recalculated and analyzed interest expense using effective interest rate method; and;
- Assessed the appropriateness and completeness of the related disclosures in the financial statements.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon
Management is responsible for the other information. The other information comprises the annual management’s discussion and analysis, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 28, 2025

Red Light Holland Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at March 31, 2025 and 2024

	March 31, 2025	March 31, 2024
	$	$
Assets		
Current Assets		
Cash and cash equivalents	**12,272,787**	14,172,324
Restricted cash (Notes 9 and 13)	**565,378**	200,000
Accounts receivable (Note 19)	**404,030**	524,410
Sales tax receivable	**326**	515,197
Prepaid expenses and deposits	**493,699**	778,901
Inventories (Note 5)	**1,000,785**	874,265
Total Current Assets	**14,737,005**	17,065,097
Non-Current Assets		
Marketable securities (Note 4)	**778,833**	1,023,141
Property, plant and equipment (Note 6)	**5,307,295**	5,267,580
Intangible assets (Note 7)	**22,074**	54,641
Goodwill (Note 8)	**-**	279,096
Right-of-use asset (Note 11)	**376,185**	394,405
Total Non-Current Assets	**6,484,387**	7,018,863
Total Assets	**21,221,392**	24,083,960
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 19 and 20)	**1,366,667**	1,682,036
Convertible debentures (Note 9)	**650,000**	391,173
Derivative liability (Note 9)	**-**	9,971
Lease liabilities – current portion (Note 12)	**83,723**	128,790
Loans and advances (Note 13)	**1,127,884**	905,059
Income tax payable (Note 22)	**26,892**	2,236
Total Current Liabilities	**3,255,166**	3,119,265
Non-Current Liabilities		
Lease liabilities (Note 12)	**321,553**	291,084
Deferred tax liability (Note 22)	**295,086**	411,309
Total Non-Current Liabilities	**616,639**	702,393
Total Liabilities	**3,871,805**	3,821,658
Shareholders' Equity		
Share capital (Note 15(a))	**43,341,953**	42,439,190
Shares to be issued (Note 15(a))	**17,002**	32,694
Equity portion of convertible debenture (Note 9)	**-**	113,614
Warrants (Note 15(e))	**11,017,314**	10,697,260
Contributed surplus (Notes 15(b) and (d))	**5,124,529**	4,927,822
Non-controlling interest (Note 14)	**(2,793)**	192,107
Accumulated other comprehensive income	**51,255**	17,086
Accumulated deficit	**(42,199,673)**	(38,157,471)
Total Shareholders' Equity	**17,349,587**	20,262,302
Total Liabilities and Shareholders' Equity	**21,221,392**	24,083,960

Nature of operations (Note 1)
Provisions, commitments and contingencies (Note 18)
Subsequent events (Note 24)

Approved on behalf of the Board of Directors:

"Brad Lamb"	*"Todd Shapiro"*
Chairman & Director	CEO & Director

Red Light Holland Corp.
Consolidated Statements of Loss and Comprehensive loss
(Expressed in Canadian Dollars)
For the Years ended March 31, 2025 and 2024

	2025	2024
	$	$
Revenue (Note 16)	**4,944,378**	4,751,981
Cost of Sales (Note 5)	**3,031,178**	2,731,513
Gross Profit	**1,913,200**	2,020,468
Operating Expenses		
General and administrative (Notes 20 and 21)	**5,685,651**	6,742,597
Share-based payments (Notes 15(a), (b) & (d) and 20)	**576,306**	1,413,555
Interest expense	**284,365**	259,371
Research	**24,789**	51,381
	6,571,111	8,466,904
Loss Before Other Items and Taxes	**(4,657,911)**	(6,446,436)
Other Items		
Reversal of provision for sales taxes	**163,249**	-
Realized loss on disposal of marketable securities (Note 4)	**-**	(1,242)
Unrealized (loss) gains in fair value of marketable securities (Note 4)	**(244,308)**	124,161
Realized gain on sale of property, plant and equipment	**4,167**	7,756
Impairment loss (Notes 6, 7 and 8)	**(530,940)**	(2,030,765)
Gain on decommission of leases	**4,284**	-
Gain on modification of leases	**8,944**	-
Change in fair value of derivative liability (Note 9)	**222,641**	38,405
Change in fair value of call option	**-**	(28,110)
Gain on modification of convertible debentures	**108,509**	-
Change in fair value of contingent consideration (Note 10)	**-**	38,077
Gain on shares-for-debt settlement (Note 15(a)(vii))	**35,000**	-
Contract termination cost (Note 19)	**(9,959)**	-
Foreign exchange loss	**(7,016)**	(6,011)
Interest income	**488,325**	531,180
Net Loss Before Taxes	**(4,415,015)**	(7,772,985)
Recovery of income taxes (Note 22)	**107,229**	59,194
Net Loss	**(4,307,786)**	(7,713,791)
Net Loss Attributable to:		
Shareholders of Red Light Holland Corp.	**(4,042,202)**	(7,627,281)
Non-controlling Interest (Note 14)	**(265,584)**	(86,510)
Net Loss	**(4,307,786)**	(7,713,791)
Foreign currency translation	**34,169**	(27,498)
Comprehensive Loss	**(4,273,617)**	(7,741,289)
Net Loss per Share – Basic and Diluted	**$ (0.01)**	$ (0.02)
Weighted Average Number of Outstanding Shares - Basic and Diluted	**401,111,418**	395,214,521

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

Red Light Holland Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
For the Years ended March 31, 2025 and 2024

	Common Shares	Common Shares	Shares to be Issued	Equity Portion of Convertible Debenture	Warrants	Contributed Surplus	Non-controlling Interest	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
	#	$	$	$	$	$	$	$	$	$
Balance, March 31, 2023	**387,892,187**	**41,786,685**	**96,482**	**135,985**	**10,701,239**	**3,829,428**	**278,617**	**44,584**	**(30,530,190)**	**26,342,830**
Shares issued on exercise of RSUs (Note 15(d))	3,159,305	301,166	(63,788)	-	-	(237,378)	-	-	-	-
Shares issued on exercise of warrants (Note 15(e))	200,000	22,371	-	-	(10,371)	-	-	-	-	12,000
Shares issued on exercise of options (Note 15(b))	1,500,000	167,783	-	-	-	(77,783)	-	-	-	90,000
Shares issued for contingent consideration	1,543,208	150,000	-	-	-	-	-	-	-	150,000
Shares and warrants issued on conversion of convertible debentures (Note 9)	952,380	100,000	-	(22,371)	6,392	-	-	-	-	84,021
Shares purchased and cancelled under normal course issuer bid (Note 15(a))	(1,462,000)	(88,815)	-	-	-	-	-	-	-	(88,815)
Share-based payments (Notes 15(b) & (d))	-	-	-	-	-	1,413,555	-	-	-	1,413,555
Net loss and comprehensive loss	-	-	-	-	-	-	(86,510)	(27,498)	(7,627,281)	(7,741,289)
Balance, March 31, 2024	**393,785,080**	**42,439,190**	**32,694**	**113,614**	**10,697,260**	**4,927,822**	**192,107**	**17,086**	**(38,157,471)**	**20,262,302**
Balance, March 31, 2024	**393,785,080**	**42,439,190**	**32,694**	**113,614**	**10,697,260**	**4,927,822**	**192,107**	**17,086**	**(38,157,471)**	**20,262,302**
Shares issued on exercise of RSUs (Note 15(d))	4,067,953	107,609	(21,359)	-	-	(86,250)	-	-	-	-
Shares to be issued on vested RSUs	-	190,000	5,667	-	-	(195,667)	-	-	-	-
Shares issued on conversion of convertible debentures (Note 9)	1,666,666	100,000	-	-	-	-	-	-	-	100,000
Shares and warrants issued in connection with convertible debentures (Note 9)	2,375,000	92,472	-	33,913	320,054	-	-	-	-	446,439
Shares issued on debt settlement (Note 15(a))	7,000,000	315,000	-	-	-	-	-	-	-	315,000
Share-based payments (Notes 15(a),(b) & (d))	1,957,853	97,682	-	-	-	478,624	-	-	-	576,306
Derecognition of equity portion of convertible debentures	-	-	-	(147,527)	-	-	-	-	-	(147,527)
Acquisition of non-controlling interest (Note 14)	-	-	-	-	-	-	70,684	-	-	70,684
Net loss and comprehensive loss	-	-	-	-	-	-	(265,584)	34,169	(4,042,202)	(4,273,617)
Balance, March 31, 2025	**410,852,552**	**43,341,953**	**17,002**	**-**	**11,017,314**	**5,124,529**	**(2,793)**	**51,255**	**(42,199,673)**	**17,349,587**

Red Light Holland Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Years ended March 31, 2025 and 2024

	2025	2024
	$	$
Cash Flows from Operating Activities		
Net loss for the year	**(4,307,786)**	(7,713,790)
Items not affecting cash:		
Amortization and depreciation (Notes 6, 7, 9 and 11)	**777,119**	931,207
Share-based payments (Notes 15(a),(b) & (d) and 20)	**576,306**	1,413,555
Impairment loss (Notes 6, 7 and 8)	**530,940**	2,030,765
Reversal of provision for sales taxes	**(163,249)**	-
Realized loss on disposal of marketable securities (Note 4)	**-**	1,242
Unrealized loss (gains) in fair value of marketable securities (Note 4)	**244,308**	(124,161)
Gain on sale of property, plant and equipment	**(4,167)**	(7,756)
Gain on decommission of leases	**(4,284)**	-
Gain on modification of leases	**(8,944)**	-
Change in fair value of derivative liability (Note 9)	**(222,641)**	(38,405)
Change in fair value of call option	**-**	28,110
Gain on modification of convertible debentures	**(108,509)**	-
Change in fair value of contingent consideration (Note 10)	**-**	(38,077)
Gain on shares-for-debt settlement (Note 15(a)(vii))	**(35,000)**	-
Gain on termination of contract (Note 19)	**(161,924)**	-
Interest and accretion	**272,853**	259,371
Deferred tax gains (Note 22)	**(116,223)**	(95,167)
	(2,731,201)	(3,353,106)
Movements in working capital:		
Accounts receivable	**120,380**	(6,264)
Sales tax receivable	**678,120**	(231,800)
Income tax receivable	**24,656**	83,888
Prepaid expenses and deposits	**285,202**	22,460
Inventories	**(126,520)**	(133,016)
Accounts payable and accrued liabilities	**266,661**	389,705
Cash Flows used in Operating Activities	**(1,482,702)**	(3,228,133)
Cash Flows from Investing Activities		
Proceeds from disposal of marketable securities (Note 4)	**-**	10,544
Proceeds from sale of property, plant and equipment	**5,819**	32,838
Acquisition of property, plant and equipment (Note 6)	**(531,220)**	(693,813)
Cash Flows used in Investing Activities	**(525,401)**	(650,431)
Cash Flows from Financing Activities		
Proceeds from exercise of warrants (Note 15(a)(i))	**-**	12,000
Proceeds from exercise of options (Note 15(a)(ii))	**-**	90,000
Proceeds from convertible debentures	**358,826**	-
Shares purchased under normal issuer course bid (Note 15(a)(iv))	**-**	(88,815)
Loan proceeds (Note 13)	**222,825**	-
Lease payments (Note 12)	**(136,482)**	(220,133)
Cash Flows provided by (used in) Financing Activities	**445,169**	(206,948)
Effect of changes in foreign currency rates on cash	**28,775**	(28,808)
Change in cash and cash equivalents and restricted cash	**(1,534,159)**	(4,114,320)
Cash and cash equivalents and restricted cash, beginning of year	**14,372,324**	18,486,644
Cash and cash equivalents and restricted cash, end of year	**12,838,165**	14,372,324

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

Red Light Holland Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Years ended March 31, 2025 and 2024

	2025	2024
	$	$
Supplemental Information		
Shares issued on conversion of debentures (Note 9)	**100,000**	100,000
Shares issued for contingent consideration (Note 10)	**-**	150,000
Shares issued as bonus to minority shareholders (Note 15(a)(v))	**52,682**	-
Shares issued as compensation for services (Note 15(a)(vi))	**45,000**	-
Shares issued on shares-for-debt settlement (Note 15(a)(vii))	**315,000**	-

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

1. Nature of Operations

Red Light Holland Corp. ("RLHC" or the "Company") is engaged in the production, growth and sale of functional mushrooms and mushroom home grow kits in North America and Europe, and a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands. The Company is governed by the *Business Corporations Act* (Ontario). The address of the Company's registered office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "TRIP", on the Frankfurt Stock Exchange under the symbol "4YX", and on the OTCQB Venture Market under the symbol "TRUFF".

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies set out below were consistently applied to the periods presented unless otherwise noted. These consolidated financial statements have been prepared on a going concern basis, under historical cost, except for certain financial instruments and equity instruments that are measured at fair value.

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on July 28, 2025.

Principles of Consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

These consolidated financial statements include the accounts of the Company and the following list of subsidiaries:

Name of Subsidiaries	Country of Incorporation	Functional Currency	2025 Percentage Ownership	2024 Percentage Ownership
Red Light Holland (Subco 1) Inc.	Canada	CAD	100%	100%
Red Light Holland (Subco 2) Inc.	Canada	CAD	100%	100%
4316747 Nova Scotia Limited ("Happy Caps") [1]	Canada	CAD	100%	80%
Acadian Exotic Mushrooms Ltd. ("AEM")	Canada	CAD	51%	51%
Red Light Acquisition Inc. ("Red Light Acquisition")	United States	USD	100%	100%
Radix Motion Inc. ("Radix")	United States	USD	100%	100%
RLH Netherlands B.V. "RLH Netherlands")	Netherlands	EUR	100%	100%
RLH Farms B.V. ("RLH Farms")	Netherlands	EUR	100%	100%
SR Wholesale B.V. ("SR Wholesale")	Netherlands	EUR	100%	100%
Wellness World Oss B.V. [2]	Netherlands	EUR	100%	100%
Wellness World Utrecht B.V. ("Wellness World")	Netherlands	EUR	100%	100%
MiniChamp B.V. ("MiniChamp")	Netherlands	EUR	100%	100%

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars ("$" or "CAD"), except as otherwise noted, which is the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates.

[1] On April 2, 2024, the Company acquired the remaining 20% interest in Happy Caps (see Note 14). On May 21, 2025, Happy Caps was re-registered under the Canada Business Corporation Act (CBCA) and continues its operations under the name of Happy Caps Mushroom Farm Inc.

[2] On October 2, 2024, the Company completed the sale of certain inventories and assets of Wellness World Oss B.V., its retail store located in the Netherlands. The purchase price was €25,000 which included all lease obligations and inventories.

3. Material Accounting Policies

(a) Critical Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS® Accounting Standards requires management to make judgments, estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These critical judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised.

Areas that require significant judgments and estimates, and related assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

Assessment of Cash Generating Units

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (“CGU”). The Company applies judgment in assessing the smallest group of assets that comprise a single CGU.

The Company has six CGUs being: (i) SR Wholesale (wholesale distribution of psychedelics and cannabis related products in Europe), (ii) Happy Caps (sale of home-grow mushroom kits in North America), (iii) MiniChamp (sale of home-grow mushroom kits in Europe), (iv) AEM (wholesale of functional mushrooms in North America), (v) RLH Farms (production and sale of psilocybin truffles), and (vi) Wellness World (comprised of the two retail stores in Oss and Utrecht, Netherlands). During the year ended March 31, 2025, the Company sold its retail store in Oss. As a result, the Wellness World CGU now comprises only the retail store in Utrecht as at year-end.

Assessment of Net Realizable Value of Inventories

Inventories are valued at the lower of cost and net realizable value (“NRV”), with cost being determined on an actual cost basis. The NRV is estimated with reference to recent sales of the same or similar inventory items.

Recovery of Accounts Receivable and Deposits

The Company estimates the collectability and timing of collection of its receivables and deposits, classifying them as current assets or long-term assets, and it applies provisions for collectability when necessary. Determining an allowance for expected credit losses (“ECL”) for amounts receivable and all debt financial assets not held at fair value through profit or loss (“FVTPL”) requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Assessment of Useful Lives of Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets

Management reviews its estimate of the useful lives of property, plant and equipment and intangible assets annually and accounts for any changes in estimates prospectively. The Company applied judgment in determining the useful lives of trademarks and licenses with less than an indefinite life. In addition, the Company applies judgments in determining the useful lives of the right-of-use assets and leasehold improvements for purposes of assessing the shorter of the useful life or lease term.

Assessment of Indicators of Impairment

At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or CGU may be impaired, thereby requiring adjustment to the carrying value.

Goodwill and Indefinite Life Intangible Asset Impairment

Goodwill and indefinite life intangible asset impairment testing requires management to estimate the recoverable amount of the CGU to which goodwill or indefinite life intangible asset has been allocated. On an annual basis, the Company tests whether goodwill or indefinite life intangible assets are impaired, based on an estimate of its recoverable amount.

3. Material Accounting Policies (continued)

(a) Critical Accounting Judgments, Estimates and Assumptions (continued)

Current and Deferred Taxes

The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on expected business activity in future periods, which are internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated considering all available evidence.

Determination of Functional currency

Foreign currency translation under IFRS® Accounting Standards requires each entity to determine its own functional currency, which becomes the currency that an entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labor, materials, and other costs for each consolidated entity.

Equity-Settled Share-Based Payments

Share-based payments are measured at fair value. Options and warrants are measured using the Black-Scholes option pricing model ("Black-Scholes") or a Monte Carlo simulation, as applicable, based on estimated fair values of all share-based awards at the date of grant and are expensed to the consolidated statements of loss and comprehensive loss over each award's vesting period. The Black-Scholes model utilizes subjective assumptions such as expected price volatility, dividend yield and expected life of the option. The Monte Carlo simulation also considers the accelerated share price. Changes in these input assumptions can significantly affect the fair value estimate. Restricted share units (each a "RSU") are measured at the closing stock price on the day that the RSUs are awarded.

Fair Value of Convertible Debentures

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible debentures. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, management's judgment is required to establish fair values.

Provisions

The Company recognizes a provision if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Leases

Identifying Whether a Contract Includes a Lease

IFRS 16 – Leases applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

3. Material Accounting Policies (continued)

(a) Critical Accounting Judgments, Estimates and Assumptions (continued)

Leases (continued)

Incremental Borrowing Rate

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statements of loss and comprehensive loss.

Estimate of Lease Term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. In determining the period in which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of the original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Fair Value of Investments in Securities Not Quoted in an Active Market

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Going Concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends, and are consistent with those used to evaluate the impairment of goodwill and intangible assets as at March 31, 2025. Management believes there is sufficient cash inflow to meet the Company's business obligations for at least the next 12 months, after taking into account the expected cash flow and the Company's cash and cash equivalents position at year-end.

Shares Issued for Non-Cash Consideration

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

(b) Foreign Currency Translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are translated at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. Exchange gains and losses are recognized on a net basis in the consolidated statements of loss and comprehensive loss for the year. Subsidiaries whose functional currency differs from the reporting currency, are translated to the reporting currency using the current rate method with foreign exchange gains and losses going to comprehensive income (loss) and accumulated other comprehensive income (loss).

3. Material Accounting Policies (continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and investments deposited in financial institutions that are highly liquid and readily convertible into known amounts of cash and are subject to insignificant risk of changes in value and physical cash safely secured in a company vault.

(d) Restricted Cash

Restricted cash is cash where specific restrictions exist on the Company's ability to use this cash. Restricted cash consists of cash held by the Company as collateral security for AEM's demand loan.

(e) Inventories

Inventories are valued initially at cost and subsequently at the lower of cost and NRV. All direct and indirect costs related to inventories are capitalized as they are incurred. The NRV is determined as the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale are valued at the lower of cost and NRV. The Company reviews inventories for obsolete and slow-moving goods and any such inventories are written down to NRV.

(f) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, any costs directly attributable to bringing equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated site reclamation and closure costs associated with removing the asset, and, where applicable, borrowing costs.

Upon sale or abandonment of any equipment, the cost and related accumulated depreciation and impairment losses are written off and any gains or losses thereon are recognized in profit or loss for the period. When the parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The cost of replacing or overhauling a component of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. Maintenance and repairs of a routine nature are charged to the consolidated statements of loss or comprehensive loss as incurred.

(g) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. Cost includes the purchase price, and any costs directly attributable to bringing the intangible asset to the condition necessary for it to be capable of operating in the manner intended by management and, where applicable, borrowing costs.

Upon sale or abandonment of any intangible asset, the cost and related accumulated depreciation and impairment losses are written off and any gains or losses thereon are recognized in the consolidated statements of loss or comprehensive loss for the period.

Intangible assets acquired separately are measured on initial recognition at fair value, when they have the following attributes: (i) are identifiable, (ii) controlled by the Company, and (iii) from which future benefits are expected. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there are indications that the intangible asset may be impaired. Intangible assets which are not yet available for use are tested annually for impairment regardless of whether impairment indicators exist. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life (based on expiry of patents) or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date the asset is available for use.

3. Material Accounting Policies (continued)

(g) Intangible Assets (continued)

A summary of useful lives for the Company's intangible assets is as follows:

Customer relationships	3 years
Licenses	3 years
Trade name	4 years

(h) Depreciation and Amortization

Property, plant and equipment are recorded initially at cost and subsequently at cost less accumulated depreciation / amortization and accumulated impairment losses (if any). Depreciation and amortization commence when title and ownership have transferred to the Company and the asset is readily available for its intended use and is provided over an asset's expected useful life using the following methods and annual rates:

Building (plant)	4% declining balance
Furniture and equipment	20% declining balance
Computer equipment	55% declining balance
Vehicles	20% declining balance
Right-of-use assets	Straight-line over term of lease

Residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively (if needed).

(i) Convertible Debentures

The component parts of the convertible debentures issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option and warrants that will be settled by the exchange of a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without conversion features and warrants. This amount is recorded as a liability on the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date. The conversion features classified as equity are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, conversion features classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the conversion feature remains unexercised at their maturity date, the balance recognized in equity will be transferred to retained earnings or deficit.

The Company reviews the terms of its convertible debenture to determine whether there are embedded derivatives, including the embedded conversion option, that are required to be separated and accounted for as individual derivative financial instruments or equity components. Convertible debenture issued pursuant to acquisition of SR Wholesale that contains a conversion feature where a variable number of shares of the Company being issued when the conversion feature is exercised, is considered as a derivative liability and therefore measured at fair value.

In circumstances where an equity component is identified, the liability component is recognized at the fair value of a similar liability that does not have a conversion option, and the equity component is recognized as the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to the initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible debenture is measured at amortized cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition. The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

In circumstances where an equity component is not identified, management has elected to designate the entire hybrid contract as at fair value through profit or loss. The fair value of the debentures was calculated using Black-Scholes, which requires the input of subjective assumptions, including the expected term of the conversion feature and share price volatility.

Transaction costs that relate to the issue of the instruments are capitalized and amortized over the term to maturity.

3. Material Accounting Policies (continued)

(j) Share-Based Payments

Certain officers, directors, and consultants of the Company receive a portion of their remuneration in the form of share options and RSUs. The fair value of the share options and RSUs, determined at the date of the grant, is charged to the consolidated statements of loss and comprehensive loss, with an offsetting credit to contributed surplus, over the vesting period. If and when the share options and RSUs are exercised or vest, respectively, the applicable original amounts of contributed surplus are transferred to issued capital.

The fair value of a share-based payment is determined at the date of the grant. The estimated fair value of share options is measured using Black-Scholes, which requires the input of subjective assumptions, including the expected term of the option and share price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company or comparable peer companies. The estimated fair value of RSUs is measured as the closing stock price on the date that the RSUs are awarded.

These estimates involve inherent uncertainties and the application of management's judgment. The costs of share-based payments are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. At each reporting date prior to vesting, the cumulative compensation expense representing the extent to which the vesting period has passed and management's best estimate of the share options that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statements of loss and comprehensive loss with a corresponding entry to contributed surplus.

Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

No expense is recognized for share options that do not ultimately vest. Charges for share options that are forfeited before vesting are reversed from contributed surplus and credited to the consolidated statements of loss and comprehensive loss. For those share options that expire unexercised after vesting, the recorded value remains in contributed surplus.

(k) Issued Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for non-monetary consideration are recorded at their fair value based upon the trading price of the Company's common shares on the CSE on the date of the agreement to issue the shares or the date of share issuance, whichever is more appropriate.

The proceeds from the issue of units are allocated between common shares and common share purchase warrants as follows: the fair value of the common share purchase warrants is determined using Black-Scholes or the Barrier option pricing model (net of broker warrants allocated to each portion) and the residual, if any is allocated to issued capital.

(l) Financial Instruments

Financial Assets

<u>*Initial Recognition and Measurement*</u>

Non-derivative financial assets within the scope of IFRS 9 – Financial Instruments ("IFRS 9") are classified and measured as "financial assets at fair value", as either FVTPL or fair value through other comprehensive income ("FVTOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows. All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. Material Accounting Policies (continued)

(l) Financial Instruments (continued)

Financial Assets (continued)

Subsequent Measurement – Financial Assets at FVTPL

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value on the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss and comprehensive loss.

Subsequent Measurement – Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: (i) the object of the Company's business model for these financial assets is to collect their contractual cash flow; and (ii) the asset's contractual cash flows represent "solely payments of principal and interest".

Subsequent Measurement – Financial Assets at FVTOCI

Financial assets measured at FVTOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVTOCI. The Company does not measure any financial assets at FVTOCI.

After initial measurement, investments measured at FVTOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss on the consolidated statements of loss and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flow from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of Financial Assets

The Company's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure ECL, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held-for-trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities, loans and advances payable, convertible debentures, and lease liability which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

Subsequent Measurement – Financial Liabilities at Amortized Cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of loss and comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss and comprehensive loss.

3. Material Accounting Policies (continued)

(l) Financial Instruments (continued)

Classification

The Company's classification of financial instruments under IFRS 9 are summarized below:

Financial Assets	
Cash	FVTPL
Restricted cash	FVTPL
Marketable securities	FVTPL
Accounts receivable	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loans and advances payable	Amortized cost
Convertible debentures	Amortized cost
Contingent consideration	FVTPL
Derivative liability	FVTPL
Lease liabilities	Amortized cost

Expected Credit Loss Impairment Model

Under IFRS 9, the Company recognizes a provision for ECL on financial assets that are measured on amortized cost. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

(m) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there are any indications of impairment. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to CGU or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization. Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of all, or a portion of, a CGU.

Where an asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or CGU is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). FVLCD is determined based on observable market transactions for similar assets where available, or via discounted estimated future cash flows when such data is not observable. Where neither market prices nor reliable discounted cash flow ("DCF") models are available, FVLCD may be estimated using a net assets approach based on a hypothetical sale, as described in Note 8. VIU is calculated by discounting the expected future cash flows to present value using a pre-tax rate that reflects current market assessments of the time value of money and the asset-specific risks not already reflected in those cash flows.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as a charge to the consolidated statements of loss and comprehensive loss. Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

3. Material Accounting Policies (continued)

(m) Impairment of Non-Financial Assets (continued)

Where an impairment, other than goodwill impairment, subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and/or amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the consolidated statements of loss and comprehensive loss. Goodwill impairment losses are not reversed.

(n) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions as at March 31, 2025 and 2024.

(o) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the assets to be recovered.

(p) Loss per Share

Basic earnings (loss) per share (“EPS”) is calculated by dividing the net earnings (loss) of the Company by the basic weighted average number of common shares outstanding during the period.

For purposes of calculating diluted EPS, the proceeds from the potential exercise of dilutive share options and share purchase warrants with exercise prices that are below the average market price of the underlying shares for the reporting period are assumed to be used in purchasing the Company’s common shares at their average market price for the period. Share options and share purchase warrants are included in the calculation of diluted EPS only to the extent that the market price of the common shares exceeds the exercise price of the share options or share purchase warrants except where such inclusion would be anti-dilutive.

(q) Revenue Recognition

The Company’s revenue is comprised of sales of (i) wholesale products consisting of truffles, cannabis seeds and other cannabis products, (ii) mushroom home grow kits and (iii) functional mushrooms.

3. Material Accounting Policies (continued)

(q) Revenue Recognition (continued)

Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each sales transaction with a customer, the Company: identifies the agreement with a customer; identifies the performance obligations in the agreement; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Company's revenue-generating activities have a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs when products are shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company's products. Certain of the Company's customer contracts may provide the customer with a right of return. These items give rise to variable consideration, which is recognized as a reduction of the transaction price based upon the expected amounts of the product returns and price adjustments at the time revenue for the corresponding product sale is recognized. The Company estimates this variable consideration by considering factors such as historical information, current trends, forecasts, provincial and territorial inventory levels, availability of actual results and expectations of demand.

The Company recognizes a liability for sales refunds within other current liabilities, and an asset for the value of inventories which is expected to be returned is recognized within prepaid expenses and other assets on the consolidated statements of financial position. Sales of products are for cash or otherwise agreed-upon credit terms. The Company's payment terms vary by location and customer; however, the time period between when revenue is recognized and when payment is due is not significant. The Company estimates and reserves for its bad debt exposure based on its experience with past due accounts and collectability, write-off history, the aging of accounts receivable and an analysis of customer data.

(r) Leases

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The Company has included the estimated extension of their leases in the lease term in assessing the present value of future lease payments where the exercise of the extension options is reasonably certain. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated in accordance with the Company's accounting policy for property, plant and equipment.

(s) Marketable Securities

The Company carries its marketable securities as financial assets at FVTPL. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to investments are not included as part of the cost of the investment and are recorded as an expense in the consolidated statements of loss and comprehensive loss. Purchases and sales of investments are accounted for on a trade-date basis. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded.

In the absence of an active market, the fair value is determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. Investments in options and warrants that are not traded on a recognized securities exchange do not have readily available market values. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the options and warrants are valued using valuation techniques using inputs from recent financing, trends in comparable publicly traded companies and general market conditions or using discounted cash flow method.

3. Material Accounting Policies (continued)

(t) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(u) Adoption of New Accounting Policies

The Company adopted the following amendments, effective April 1, 2024. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of these amendments on its consolidated financial statements:

Amendments to IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) and IAS 7 – Statements of Cash Flows (“IAS 7”)

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity’s liabilities and cash flows, as well as on its liquidity risk and risk management.

(v) Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 18 – Presentation and Disclosure of Financial Statement (“IFRS 18”)

In April 2024, the IASB issued the new standard of IFRS 18. The standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace to IAS 1 – Presentation of Financial Statements. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The Company is assessing the impacts to ensure that all information complies with the standard.

IFRS 9 and IFRS 7

In May 2024, the IASB issued narrow scope amendments to IFRS 9 and IFRS 7. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024. The amendments provide clarification that a financial liability is derecognized on the ‘settlement date’, i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired and provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features and clarify that, for a financial asset to have ‘non-recourse’ features, the entity’s ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test), clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and add new disclosure requirements for investments in equity instruments designated at FVTOCI and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods.

(Expressed in Canadian Dollars)

4. Marketable Securities

	Number of Securities	Cost	Fair Value
	#	$	$
PharmaDrug Inc. - warrants (Level 2) [3]	1,714,286	392,596	-
Elevate Farms Inc. – shares (Level 3)	45,976	299,996	1,023,141
Balance, March 31, 2024		692,592	1,023,141
	#	$	$
Elevate Farms Inc. – shares (Level 3)	45,976	299,996	778,833
Balance, March 31, 2025		**299,996**	**778,833**

PharmaDrug Inc.

As at March 31, 2024, the fair value of the PharmaDrug Inc. ("PharmaDrug") warrants was estimated at $nil using Black-Scholes based on the following assumptions: term – 0.3 years; expected volatility – 146%; expected interest rate – 4.20%. During the year ended March 31, 2024, the Company also sold 214,285 shares, its remaining position of PharmaDrug common shares for proceeds of $10,544 resulting in a realized loss on sale of marketable securities of $1,242, which are recorded on the consolidated statements of loss and comprehensive loss.

As at March 31, 2025, the Company no longer held any securities of PharmaDrug.

Elevate Farms Inc.

As at March 31, 2025, the Company continued to hold its investment in Elevate Farms Inc. ("Elevate Farms" or the "Investee"). Based on management's intention and ability, the investment in Elevate Farms has been classified as non-current. The Company had determined that the investment held in Elevate Farms did not have an active market and any observable inputs directly or indirectly from quoted prices of a similar asset in markets which are not active. As such, the Company classified this investment as Level 3 input under the fair value hierarchy as required by IFRS 9 (see Note 19). As at March 31, 2024, the fair value of Elevate Farms' common shares has been estimated based on the value at which a prior financing was closed by the Investee.

The Company assessed the investment for indicators of impairment as at March 31, 2025, based on both qualitative and quantitative information provided to the Company, and determined that the investment should be partially adjusted based on the following reasons: (i) assessment of near-term revenue generation ability from Elevate Farms, and (ii) a review of other relevant information available to the Company. As at March 31, 2025, the fair value of Elevate Farms' common shares was also estimated based on a prior financing closed by the Investee.

The following summarizes the changes in the marketable securities for the years ended March 31, 2025 and 2024:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at March 31, 2023	18,750	26,748	865,268	910,766
Proceeds from disposal	(10,544)	-	-	(10,544)
Realized loss on disposal of securities	(1,242)	-	-	(1,242)
Revaluation to fair market value	(6,964)	(26,748)	157,873	124,161
As at March 31, 2024	-	-	1,023,141	1,023,141
	$	$	$	$
As at March 31, 2024	-	-	1,023,141	1,023,141
Revaluation to fair market value	-	-	(244,308)	(244,308)
As at March 31, 2025	**-**	**-**	**778,833**	**778,833**

For the year ended March 31, 2025, the unrealized change in the fair value of marketable securities amounted to a loss of $244,308 (2024 – unrealized gain of $124,161), which is recorded on the consolidated statements of loss and comprehensive loss.

[3] Effective October 24, 2023, the common shares of PharmaDrug were consolidated on the basis of seven pre-consolidated common shares into one post-consolidated common share. The number of PharmaDrug common shares and warrants have been adjusted to reflect the terms of the consolidation.

(Expressed in Canadian Dollars)

5. Inventories

	March 31, 2025	March 31, 2024
	$	$
Raw materials	**17,280**	14,400
Packaging materials	**179,481**	100,099
Finished Goods	**804,024**	759,766
	1,000,785	874,265

For the year ended March 31, 2025, inventories recognized as sales-related expenses amounted to $3,031,178 (2024 – $2,731,513), which is included in cost of sales on the consolidated statements of loss and comprehensive loss.

6. Property, Plant and Equipment

	Land	**Buildings**	**Equipment**	**Vehicle**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
Balance, March 31, 2023	1,567,635	2,965,986	585,072	54,751	5,173,444
Additions	-	103,912	591,130	-	695,042
Disposal	-	-	(13,254)	(32,656)	(45,910)
Foreign currency adjustment	-	-	6,478	386	6,864
Balance, March 31, 2024	1,567,635	3,069,898	1,169,426	22,481	5,829,440
Additions	375,854	20,877	134,489	-	531,220
Disposal	-	-	(3,526)	-	(3,526)
Impairment loss	-	(155,202)	(96,642)	-	(251,844)
Foreign currency adjustment	-	-	18,517	1,460	19,977
Balance, March 31, 2025	**1,943,489**	**2,935,573**	**1,222,264**	**23,941**	**6,125,267**
	$	**$**	**$**	**$**	**$**
Accumulated Depreciation					
Balance, March 31, 2023	-	170,295	162,764	34,245	367.304
Disposal	-	-	(5,383)	(26,106)	(31,489)
Depreciation	-	98,625	117,956	4,155	220,736
Foreign currency adjustment	-	-	4,736	573	5,309
Balance, March 31 ,2024	-	268,920	280,073	12,867	561,860
Disposal	-	-	(1,874)	-	(1,874)
Depreciation	-	98,437	143,903	4,242	246,582
Foreign currency adjustment	-	-	10,396	1,008	11,404
Balance, March 31, 2025	**-**	**367,357**	**432,498**	**18,117**	**817,972**
	$	**$**	**$**	**$**	**$**
Net Book Value					
March 31, 2024	1,567,635	2,800,978	889,353	9,614	5,267,580
March 31, 2025	**1,943,489**	**2,568,216**	**789,766**	**5,824**	**5,307,295**

For the year ended March 31, 2025, depreciation expense related to property, plant and equipment amounted to $246,582 (2024 – $220,736), which are included in general and administrative (“G&A”) expenses (see Note 21) on the consolidated statements of loss and comprehensive loss.

During the year ended March 31, 2025, the Company halted further development of the AEM project and ceased capitalization for costs recorded as buildings ($603,605) and equipment ($375,854) under construction. As these assets were not available for use prior to the project’s halt, no depreciation has been recognized. The carrying amounts have been evaluated for impairment in the current period. (March 31, 2024: buildings – $581,329, equipment – $280,995 under construction and not available for use.)

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment (continued)

Following the recognition of a goodwill impairment (see Note 8) in the current year, the carrying amounts of the remaining tangible assets within the AEM CGU were reassessed. The recoverable amounts of these assets were determined primarily using the net assets method, in accordance with industry practices for estimating fair value less costs of disposal under IAS 36 – Impairment of Assets ("IAS 36"). Adjustments were made based on the best available market data and company-specific information.

As a result of this analysis, management recognized an impairment loss of $251,844 on the remaining tangible assets of the CGU, which has been reflected in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025. After these adjustments, management concluded that the carrying values of the property, plant and equipment included in the AEM CGU appropriately reflect their recoverable amounts as at March 31, 2025. No further impairment was identified as a result of this analysis.

7. Intangible Assets

	License	Trade Name	Customer Relationship	Total
	$	$	$	$
Cost				
Balance, March 31, 2023	-	130,269	762,926	893,195
Addition	1,250,000	-	-	1,250,000
Impairment charge	(1,006,944)	-	-	(1,006,944)
Foreign currency adjustment	-	-	(6,011)	(6,011)
Balance, March 31, 2024 and 2025	**243,056**	**130,269**	**756,915**	**1,130,240**
	$	$	$	$
Accumulated Depreciation				
Balance, March 31, 2023	-	43,060	510,783	553,843
Amortization	243,056	32,568	250,715	526,339
Foreign currency adjustment	-	-	(4,583)	(4,583)
Balance, March 31, 2024	243,056	75,628	756,915	1,075,599
Amortization	-	32,567	-	32,567
Balance, March 31, 2025	**243,056**	**108,195**	**756,915**	**1,108,166**
	$	$	$	$
Net Book Value				
March 31, 2024	-	54,641	-	54,641
March 31, 2025	**-**	**22,074**	**-**	**22,074**

During the year ended March 31, 2024, the license was determined to be impaired given the projected sales did not support its recoverability.

During the year ended March 31, 2025, amortization expense related to intangible assets amounted to $32,567 (2024 – $526,339), which are included in G&A expenses (see Note 21) on the consolidated statements of loss and comprehensive loss.

8. Goodwill

AEM CGU

As at March 31, 2025, the Company assessed the carrying value of the goodwill recognized as part of the AEM acquisition previously closed on September 7, 2021, and performed an impairment analysis on the AEM CGU, in accordance with IAS 36. Due to the absence of reliable future cash flow projections and observable market transactions for the entire CGU, management determined the recoverable amount primarily using the net assets method to estimate fair value less costs of disposal. Under this approach, the fair value of the CGU's identifiable assets and liabilities was estimated based on a hypothetical sale in an orderly transaction to a market participant, with estimated costs of disposal deducted to arrive at the net proceeds.

(Expressed in Canadian Dollars)

8. Goodwill (continued)

AEM CGU (continued)

As a result, the recoverable amount of the CGU was found to be lower than its carrying value, leading to the recoverable amount of goodwill allocated to the AEM CGU, amounting to $279,096, which is included in the consolidated statements of loss and comprehensive loss. The net book value of AEM goodwill as at March 31, 2025, was $nil (March 31, 2024 – $279,096). Management believes this approach provides the best available estimate of fair value for the purposes of impairment testing under IAS 36.

<u>*Year Ended March 31, 2024*</u>

As at March 31, 2024, the Company used the following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the DCF, were used by management as part of this model: (a) revenue growth rate – represents the ability of the Company to generate revenue (b) EBITDA margin – calculated as a percentage of revenue (c) cost of sales percentage – calculated as a percentage of revenue (d) Weighted average cost of capital – calculated as weighted average cost of the Company's cost of equity and cost of debt.

For the year ended March 31, 2024, the key unobservable inputs used by the Company when assessing the impairment for the AEM CGU are as follows: (i) discount rate – 22.5%; (ii) terminal growth rate – 2.5%; (iii) revenue growth rate – Year one: 118.6%, Year two: 4.5%, Year three: 2.5%, Year four: 2.5% and Year five: 2.5%; (iv) EBITDA margin – 6.1% to 20.6%.

As of March 31, 2025, and 2024, the continuity of the Company's goodwill is summarized as follows:

CGUs	**AEM**	**Wellness World**	**MiniChamp**	**Total**
	$	**$**	**$**	**$**
Balance, March 31, 2023	279,096	369,199	666,239	1,314,534
Impairment loss	-	(367,469)	(656,352)	(1,023,821)
Foreign currency adjustment	-	(1,730)	(9,887)	(11,617)
Balance, March 31, 2024	279,096	-	-	279,096
Impairment loss	(279,096)	-	-	(279,096)
Balance, March 31, 2025	**-**	**-**	**-**	**-**

Wellness World CGU

During the year ended March 31, 2024, the key unobservable inputs used by the Company when assessing the impairment for the Wellness World CGU are as follows: (i) discount rates – 19.0% to 21.0%; (ii) terminal growth rate – 2.0%; (iii) revenue growth rate – Year one: 12.9%, Years two to five: 5.0% respectively; (iv) EBITDA margin – -10.2% to -2.8%.

In 2024, the Company noted that the recoverable amount was less than the carrying value. Therefore, an impairment loss has been recorded on goodwill in the amount of $367,469 which is included in the consolidated statements of loss and comprehensive loss. The net book value of the Wellness World goodwill was written down to $nil as at March 31, 2024.

MiniChamp CGU

During the year ended March 31, 2024, the key unobservable inputs used by the Company when assessing the impairment for the MiniChamp CGU are as follows: (i) discount rate – 22.5%; (ii) terminal growth rate – 2.0%; (iii) revenue growth rate – Year one: 33.5%; Years two to five: 5.0%; (iv) EBITDA margin – 1.0% to 9.0%.

In 2024, the Company noted that the recoverable amount was less than the carrying value, so an impairment loss has been recorded on goodwill in the amount of $656,352 which is included in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2024. The net book value of the MiniChamp goodwill was written down to $nil as at March 31, 2024.

9. Convertible Debenture and Derivative Liability

On March 19, 2023, an unsecured convertible promissory note payable due to the previous owner of SR Wholesale and in the amount of €300,000 became due. On March 31, 2023, this note was derecognized as a replacement debt instrument and was issued to a new debenture holder pursuant to an assignment agreement, terms as outlined below. The derecognized note has a value of $442,055 on the date of derecognition resulting in a loss on the change of in fair value of convertible debentures in the amount of $56,712 during the year ended March 31, 2023.

9. Convertible Debenture and Derivative Liability (continued)

On March 31, 2023, the Company entered into a debt settlement agreement (the "March 2023 Debt Settlement Agreement") in connection with the original unsecured convertible promissory note payable, resulting in the issuance of $491,173 of secured debentures with a term of one year and due by March 31, 2024.

The major terms of the debentures are as follows:

(a) The principal amount of the debenture does not bear interest. Notwithstanding the foregoing, upon and from the date on which there occurs and event of default, which is continuing, the principal amount will bear interest at a rate of 22% per annum. If the debenture holder elects, in its sole and absolute discretion, interest may be paid in units at the conversion price in effect on the date of such payment.

(b) The debentures are convertible into units (each a "Unit") of the Company at a conversion price of $0.105 per Unit and will mature one year from the date of issuance. Each Unit consists of one common share of the Company and a ¼ warrant, with each whole warrant exercisable into one common share at a price of $0.1575 until March 31, 2025. The debenture holder has the right, from time to time and at any time while any portion of the principal amount or any accrued and unpaid interest on the debenture is outstanding, to convert all or a portion of the outstanding principal and interest (if any) into common shares of the Company.

(c) The convertible debentures are secured by way of a general and continuing interest in certain assets of the Company.

(d) On closing, the Company issued to the purchasers of the convertible debentures 1,052,514 warrants. The warrants are exercisable for a period of two years from issuance into common shares of the Company with each warrant entitling the holder thereof to acquire one share at an exercise price of $0.1575 per common share.

On April 8, 2024, the Company closed an extension of the March 2021 convertible debentures (the "March 2021 Note") that matured on March 31, 2024, per the March 2023 Debt Settlement Agreement, with the holder agreeing to increase their investment in the Company. The increased investment was for aggregate gross proceeds of $750,000, at a price of $1,000 per convertible debentures (each a "April 2024 Debenture Unit"). Each April 2024 Debenture Unit consisted of: (i) a $1,000 principal secured convertible debenture; and (ii) 16,666.67 common share purchase warrants exercisable per April 2024 Debenture Unit. The principal of the debenture may be converted into common shares at a conversion price of $0.06 per common share. A total of 12,500,000 warrants were issued. Each warrant entitles the holder thereof to acquire one additional common share at a price of $0.10 per common share for a period of 24 months from the date of issuance. The debentures mature on April 8, 2025, and do not bear interest.

The Company also issued to the holder 2,375,000 April 2024 settlement units (each a "April 2024 Settlement Unit"). Each April 2024 Settlement Unit comprised of: (i) one common share; and (ii) one warrant, at a deemed price of $0.05 per April 2024 Settlement Unit, as an extension fee to the holder who had agreed to settle their March 2021 Note that matured on March 31, 2024 as part of their subscription in the April 2024 Offering, and for agreeing to reduce the interest rate on the debenture to zero. The Company used the net proceeds from the Offering, after settling the March 2021 Note, for the ongoing development of the Company's business model and for general working capital purposes. The common shares issued as part of the April 2024 Settlement Units and all warrants issued pursuant to the April 2024 Offering (including securities into which they may be converted or exercised) are subject to a statutory hold period of four months and one day from the date of issuance thereof in accordance with applicable securities law.

The Company was required to post a 75% security deposit of $562,500 which is being held in trust. This amount is classified as restricted cash on the consolidated statements of financial position.

The April 2024 Debenture Units contain a conversion feature that, due to the inclusion of an anti-dilution provision, does not meet the 'fixed-for-fixed' condition set out in IAS 32 – Financial Instruments: Presentation for equity classification. Specifically, the conversion ratio could be adjusted upon the occurrence of certain dilutive events, resulting in the issue of a variable rather than a fixed number of shares for a fixed amount of consideration on conversion. As a result, the conversion feature fails to qualify as an equity instrument and instead has been classified and accounted for as a derivative liability at FVTPL. The host convertible debenture liability continues to be measured at amortized cost.

For the year ended March 31, 2024, the conversion feature was accounted for as an equity component and recorded in the amount of $113,614.

For the year ended March 31, 2025, the conversion feature has been classified and accounted for as a derivative liability, and accordingly, no equity component has been recognized. The fair value of the derivative liability as at March 31, 2025 was $nil.

(Expressed in Canadian Dollars)

9. Convertible Debenture and Derivative Liability (continued)

The fair values of the derivative liability were calculated using Black-Scholes with the following assumptions:

As at	April 8, 2024	**March 31, 2025**
Volatility	95.24%	**130.80%**
Expected life (in years)	1.00	**0.02**
Strike price	$ 0.06	**$ 0.06**
Market price	$ 0.06	**$ 0.03**
Risk-free interest rate	4.25%	**2.47%**
Forfeiture rate	0.00%	**0.00%**
Expected dividend yield	0.00%	**0.00%**

The following tables summarizes the changes in the convertible debentures, the conversion feature and the derivative liability for the years ended March 31, 2025 and 2024:

	Convertible Debenture	**Conversion Feature**	**Derivative Liability**	**Total**
	$	**$**	**$**	**$**
Balance, March 31, 2023	257,695	113,614	48,376	419,685
Interest accretion	217,499	-	-	217,499
Share and warrants issued on conversion of convertible debentures	(84,021)	-	-	(84,021)
Change in fair value of derivative liability	-	-	(38,405)	(38,405)
Balance, March 31, 2024	391,173	113,614	9,971	514,758
Interest accretion	216,607	-	-	216,607
Modification of convertible debenture	74,144	(113,614)	274,712	235,242
Deferred financing cost	412,990	-	-	412,990
Deferred financing cost amortization	(406,956)	-	-	(406,956)
Shares issued on conversion of debenture	(37,958)	-	(62,042)	(100,000)
Change in fair value of derivative liability	-	-	(222,641)	(222,641)
Balance, March 31, 2025	**650,000**	**-**	**-**	**650,000**

During the year ended March 31, 2024, the Company issued 952,380 common shares and 238,095 warrants as a conversion of debentures with a value of $100,000 and $6,392, respectively. During the year ended March 31, 2025, the Company issued 1,666,666 common shares as a conversion of debentures with a value of $100,000.

Subsequent to year-end, the outstanding convertible debentures of $650,000 were repaid for total proceeds of $653,134 (see Note 24).

10. Contingent Consideration

	Happy Caps	**MiniChamp**	**Total**
	$	**$**	**$**
Balance, March 31, 2023	150,000	38,077	188,077
Shares issued for contingent consideration	(150,000)	-	(150,000)
Change in fair value of contingent consideration	-	(38,077)	(38,077)
Balance, March 31, 2024 and 2025	**-**	**-**	**-**

Contingent Consideration Issued in Happy Caps Acquisition

On September 7, 2021, the Company completed the acquisition of a 51% stake in AEM. Pursuant to the acquisition of AEM, the Company was required to make certain pro-rata earn-out payments, payable in shares and cash, to former shareholders of Happy Caps as additional purchase consideration. These payments were based on Happy Caps' ability to meet certain sales in unit targets, with a minimum gross margin requirement on products sold.

(Expressed in Canadian Dollars)

10. Contingent Consideration (continued)

Contingent Consideration Issued in Happy Caps Acquisition (continued)

During the year ended March 31, 2023, upon achieving an average sale of over 1,000 units a week during any consecutive three-month span of Earn Out Period 2 and Earn Out Period 3, the Company was obliged to issue an additional $150,000 worth of RLHC Shares. The shares issuable upon meeting this milestone had a deemed price per share equal to the 10-day VWAP of the RLHC Shares on the CSE ending on the date prior to the date of issuance of the RLHC Shares. During the year ended March 31, 2024, the Company issued 1,543,208 RLHC Shares to satisfy this obligation.

As of March 31, 2024, all earn-out periods have expired, and therefore the Company had no further obligations of share payments or cash payments to the former shareholders of Happy Caps related to contingent consideration milestones.

Contingent Consideration Issued in AEM Acquisition

As of March 31, 2024, all remaining earn-out periods have expired, and therefore the Company has no further obligations of share payments or cash payments to the former shareholders of AEM related to contingent consideration milestones.

Contingent Consideration Issued in MiniChamp Acquisition

On October 4, 2022, the Company acquired 100% of the issued and outstanding shares of MiniChamp, located in Horst, the Netherlands, a producer of grow at home mushroom kits with existing distribution channels throughout the European Union. Pursuant to the acquisition, the Company was required to make certain earn-out payments, payable in cash, to former shareholders of MiniChamp as additional purchase consideration. These payments are based on operational milestones, specifically earnings before interest, tax, depreciation, and amortization (EBITDA), for the calendar years 2022, 2023 and 2024.

Upon MiniChamp achieving an operational result, defined as EBITDA, in the amount of €144,101 for each of the individual calendar years 2022, 2023 and 2024, the Company will pay €33,333 in cash to the former shareholders of MiniChamp. The Company assessed the operational results of the calendar years ended December 31, 2022 and 2023 and this condition was not met in either period.

As of March 31, 2024, the earn-out period of the calendar year ending December 31, 2024 remains, however, the Company has assessed the achievement of the milestone, and the potential future obligation of a cash payment to the former shareholders of MiniChamp, as remote. The fair value of the MiniChamp contingent consideration is determined to be $nil.

The contingent consideration was classified as a financial liability as the potential future payments would have been made in cash.

11. Right-of-Use Assets

	$
Balance, March 31, 2023	581,932
Depreciation	(184,133)
Foreign currency adjustment	(3,394)
Balance, March 31, 2024	394,405
Depreciation	(94,486)
Derecognition of lease decommission (Note 12)	(47,794)
Lease modifications (Note 12)	103,273
Foreign currency adjustment	20,787
Balance, March 31, 2025	**376,185**

For the year ended March 31, 2025, depreciation expense related to right-of-use assets amounted to $94,486 (2024 – $184,133), which are included in G&A expenses (see Note 21) on the consolidated statements of loss and comprehensive loss.

On October 2, 2024, the Company completed the sale of its Oss retail store located in the Netherlands. The purchase price was €25,000 which included all lease obligations and inventory. As a result of the sale, right-of-use assets valued at $47,794 pertaining to the lease of the retail store in Oss was derecognized.

(Expressed in Canadian Dollars)

12. Lease Liabilities

	$
Balance, March 31, 2023	602,437
Interest expense	41,118
Lease payments	(220,133)
Foreign currency adjustment	(3,548)
Balance, March 31, 2024	419,874
Interest expense	56,246
Lease payments	(136,482)
Leases decommission	(52,959)
Lease modifications	94,631
Foreign currency adjustment	23,966
Balance, March 31, 2025	**405,276**

	March 31, 2025	March 31, 2024
	$	$
Current portion	**83,723**	128,790
Long-term portion	**321,553**	291,084
Balance, end of year	**405,276**	419,874

On August 1, 2020, the Company entered into a new lease for RLH Farms (the “RLH Farms Lease”), consisting of a warehouse facility with a lease term until July 31, 2025, with a renewal option based on lease payments of €1,630 per month. Effective February 1, 2024, the leased space was reduced, and the monthly lease payment as reduced to €548.15 per month, with an annual 2% increase beginning on January 1, 2025. As management has indicated that it has no intention to terminate the lease and expects to remain in the current location, the Company has adjusted its right-of-use assets and lease liability of the RLH Farms Lease to account for the lease modification resulting from the reduced payments and the expected renewal of the lease, using an interest rate of 17%, which is the Company’s incremental borrowing rate in the Netherlands. As a result of the lease modification, increases of $8,814 and $6,320, were made to the right-of-use assets and lease liability balance, respectively.

On October 1, 2021, the Company entered into a new lease for AEM (the “AEM Lease”) consisting of an equipment with an associated lease liability fair value of $123,842. The lease term is until September 30, 2027. The lease payments of $1,879 per month are discounted using an interest rate of 2.99%, which is the Company’s incremental borrowing rate in Canada.

On April 1, 2022, the Company entered into a new lease for SR Wholesale consisting of an office and warehouse facilities with an associated lease liability fair value of $70,010. The lease term was until March 31, 2024, with a renewal option. The lease payments of €2,300 per month are discounted using an interest rate of 8.62%, which is the Company’s incremental borrowing rate in the Netherlands on the date of the lease commencement. Upon the expiration of the lease on the aforementioned date, the Company decided not to renew the lease arrangement and has agreed to a month-by-month extension until a new location can be determined.

On February 1, 2023, the Company entered into a new lease for Happy Caps consisting of an office and warehouse facilities with an associated lease liability fair value of $20,848. The lease term was until January 31, 2024. The lease payments of $2,120 per month are discounted using an interest rate of 12%, which is the Company’s incremental borrowing rate in Canada on the date of the lease commencement. Upon the expiration of the lease on the aforementioned date, the Company decided not to renew the lease arrangement as production was relocated to a third-party facility.

On August 1, 2022, through the acquisition of Wellness World (comprised of the two retail stores in Oss and Utrecht, Netherlands), the Company assumed two leased premises consisting of two retail store locations and an associated lease liability fair value of $190,606. The lease term for the Oss and Utrecht locations is until August 31, 2027 and July 31, 2027, respectively. The total lease payments of €3,000 per month are discounted using an interest rate of 8.62%, which is the Company’s incremental borrowing rate in the Netherlands on the date of the lease commencement. On October 2, 2024, the Company completed the sale of its Oss retail store. As a result of the sale, right-of-use assets and leases valued at $47,794 and $52,959 to the lease of the retail store in Oss were derecognized, respectively.

(Expressed in Canadian Dollars)

12. Lease Liabilities (continued)

On October 4, 2022, through the acquisition of MiniChamp, the Company assumed a leased premise consisting of an office, production facility and warehouse and an associated lease liability fair value of $197,080 (the “MiniChamp Lease”). The lease term for the premise is until July 31, 2025, based on lease payments of €3,000 per month. Effective February 1, 2024, the monthly lease payments increased to €3,365 per month, with an annual increase of 2% beginning on January 1, 2025. As management has indicated that it has no intention to terminate the lease and expects to remain in the current location, the Company has adjusted its right-of-use assets and lease liability of the MiniChamp lease to account for the lease modification resulting from the reduced payments and the expected renewal of the lease, using an interest rate of 17%, which is the Company’s incremental borrowing rate in the Netherlands. As a result of the lease modification, increases of $94,460 and $88,311, were made to the right-of-use assets and lease liability balance, respectively.

For the year ended March 31, 2025, interest and accretion expense related to lease liabilities amounted to $56,246 (2024 – $41,118), which are included in interest expense on the consolidated statements of loss and comprehensive loss.

As at March 31, 2025, future minimum annual lease payments for premises and equipment are as follows:

	$
2025	83,723
2026	94,242
2027	71,351
2028	58,864
2029	70,579
2030	26,517
Total Lease Payments	**405,276**

13. Loans and Advances

As of March 31, 2025, the Company had total recorded loans in the amount of $1,127,884 (March 31, 2024 – $905,059), comprised of:

- A loan in the amount of $927,884 which is unsecured, non-interest bearing with no specific terms of repayment. $590,404 of the advances originated prior to the acquisition of AEM and the remaining balance of $337,480 represent funds deposited by the minority interest holders post-acquisition for the procurement of capital expenditures. This advance is owed to the minority interest holders of AEM to Red Light Holland Corp.
- An additional loan in the amount of $200,000 from RBC was received on June 7, 2024, with a maturity date of June 7, 2025. This loan requires interest only payments, bears an interest rate of 7.2% and is secured by a guaranteed investment certificate of $200,000.

14. Non-Controlling Interest

	Happy Caps	AEM	Total
	$	$	$
Balance, March 31, 2023	(20,942)	299,559	278,617
Net loss attributable to non-controlling interest	(49,742)	(36,768)	(86,510)
Balance, March 31, 2024	(70,684)	262,791	192,107
Net loss attributable to non-controlling interest	-	(265,584)	(265,584)
Acquisition of non-controlling interest	70,684	-	70,684
Balance, March 31, 2025	**-**	**(2,793)**	**(2,793)**

On April 2, 2024, the Company acquired the remaining 20% interest in Happy Caps for consideration of $1.

(Expressed in Canadian Dollars)

15. Capital Stock

(a) Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, and 2,000,000 voting, convertible, redeemable, preference shares.

Details of shares issued and outstanding for the years ended March 31, 2025 and 2024 are as follows:

	Common shares	Amount
	#	$
Balance, March 31, 2023	**387,892,187**	**41,786,685**
Shares issued for contingent consideration (Note 10)	1,543,208	150,000
Shares issued on conversion of debentures (Note 9)	952,380	100,000
Shares issued on exercise of RSUs (Note 15(d))	3,159,305	301,166
Shares issued on exercise of warrants (i)	200,000	22,371
Shares issued on exercise of options (ii)	1,500,000	167,783
Shares purchased through normal course issuer bid (iii), (iv)	(1,462,000)	(88,815)
Balance, March 31, 2024	**393,785,080**	**42,439,190**
Shares issued on conversion of debentures (Note 9)	1,666,666	100,000
Shares issued as financing costs (Note 9)	2,375,000	92,472
Shares issued on exercise of RSUs (Note 15(d))	4,067,953	297,609
Shares issued for compensation (v), (vi)	1,957,853	97,682
Shares issued for debt settlement (vii)	7,000,000	315,000
Balance, March 31, 2025	**410,852,552**	**43,341,953**

(i) During the year ended March 31, 2024, 200,000 warrants were exercised for proceeds of $12,000. The warrants had a recorded value of $10,371. Upon exercise of these warrants, the recorded values were reallocated from contributed surplus to share capital.

(ii) During the year ended March 31, 2024, 1,500,000 options were exercised for proceeds of $90,000. The options had a recorded value of $77,783. Upon exercise of these options, the recorded values were reallocated from contributed surplus to share capital.

(iii) On June 27, 2023, the Board of the Company authorized the repurchase under a normal course issuer bid (the "2024 NCIB") of up to 19,762,354 common shares in the capital of the Company from time to time over 12 months, through the facilities of the CSE or alternative trading systems, at prevailing market prices in order to allow the Company to use its excess cash reserves to strategically return value to shareholders. Purchases under the 2024 NCIB commenced as of July 4, 2023 and will end on the earlier of: (i) July 24, 2024; or (ii) the date on which the Company has purchased the maximum number of common shares to be acquired under the 2024 NCIB.

(iv) During the year ended March 31, 2024, 1,462,000 common shares with an acquired value of $88,815 were repurchased and cancelled through the 2024 NCIB.

(v) On May 17, 2024, the Company issued 957,853 common shares to the Minority Shareholders of AEM as a bonus. These common shares were valued at $52,682, based on the Company's closing share price on the date of issuance, and the amount was recorded as share-based payments on the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025.

(vi) On January 21, 2025, the Company issued 1,000,000 common shares to a consultant as compensation for services provided. These common shares were valued at $45,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as share-based payments on the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025.

(vii) On February 26, 2025, the Company entered into a shares-for-debt settlement (the "Debt Settlement") to settle certain outstanding obligations with a consultant of the Company. The Company issued 7,000,000 common shares to settle an outstanding obligation of $350,000. These common shares were valued at $315,000, based on the Company's closing share price on the date of issuance. As a result of the Debt Settlement, a gain on debt settlement of $35,000 was recorded on the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025.

(Expressed in Canadian Dollars)

15. Capital Stock (continued)

(b) Stock Options

On April 24, 2023, the Company granted 14,800,000 stock options to directors, officers and consultants. These options are exercisable at $0.10 per share and expire five years from the date of issuance. 1/3 of the options vested upon the grant date, 1/3 on April 24, 2024, and the remainder vest on April 24, 2025. The options were valued at $1,119,648 using Black-Scholes based on the following assumptions: Term – 5 years; Volatility – 100%; Interest rate – 3.08%.

On April 24, 2023, the Company granted 1,200,000 stock options to various consultants. These options are exercisable at $0.10 per share and expire three years from the date of issuance. 1/6 of the options vested upon each three-month anniversary of the grant date. The options were valued at $76,119 using Black-Scholes based on the following assumptions: Term – 3 years; Volatility – 100%; Interest rate – 3.6%. On October 10, 2023, these stock options were cancelled due to the termination of the consulting agreement and the related vesting of the options ceased on that date.

On April 24, 2023, the Company granted 2,135,000 stock options to employees and consultants. These options are exercisable at $0.10 per share and expire five years from the date of issuance. The options fully vested upon the grant date. The options were valued at $161,517 using Black-Scholes based on the following assumptions: Term – 5 years; Volatility – 100%; Interest rate – 3.08%.

On October 30, 2023, the Company granted 2,050,000 stock options to officers and consultants. These options are exercisable at $0.055 per share and expire five years from the date of issuance. The options vest in tranches equal to 1/3 of the grant on each six-month anniversary of the grant date. The options were valued at $86,184 using Black-Scholes based on the following assumptions: Term – 5 years; Volatility – 100%; Interest rate – 4.34%.

On January 21, 2025, the Company granted 9,200,000 stock options to certain directors, officers and consultants, which are exercisable at a price of $0.05 per share until January 21, 2030. 1/3 of the stock options vested immediately upon grant, 1/3 on January 21, 2026, and the remainder vest on January 21, 2027. The options were valued at $323,457 using Black-Scholes based on the following assumptions: Term – 5 years; Volatility – 109%; Interest rate – 2.97%.

On March 18, 2025, the Company granted 1,000,000 stock options to a director, which are exercisable at a price of $0.05 per share until March 18, 2030. 1/3 of the stock options vested immediately upon grant, 1/3 on March 18, 2026, and the remainder vest on March 18, 2027. The options were valued at $26,214 using Black-Scholes based on the following assumptions: Term – 5 years; Volatility – 108%; Interest rate – 2.69%.

The following summarizes the options activities for the years ended March 31, 2025 and 2024:

	Number of Options	Amount	Weighted-Average Exercise Price
	#	$	$
Balance, March 31, 2023	15,766,667	3,551,945	0.11
Exercised	(1,500,000)	(77,783)	0.06
Expired	(4,700,000)	-	0.09
Cancelled	(1,200,000)	-	0.10
Granted	20,185,000	1,443,468	0.10
Balance, March 31, 2024	**28,551,667**	**4,917,630**	**0.11**
Granted	10,200,000	349,671	0.05
Expired	(5,100,000)	-	0.12
Cancelled	(6,000,000)	-	0.16
Balance, March 31, 2025	**27,651,667**	**5,267,301**	**0.08**

(Expressed in Canadian Dollars)

15. Capital Stock (continued)

(b) Stock Options (continued)

The following table reflects the continuity of options for the year ended March 31, 2025:

Date of Expiry	Ex. Price	Opening	Granted	Exercised	Expired	Cancelled	Closing
	$	#	#	#	#	#	#
Nov 2, 2024	$0.185	1,000,000	-	-	-	(1,000,000)	-
Mar 7, 2025	$0.12	6,600,000	-	-	(5,100,000)	(1,500,000)	-
May 10, 2025	$0.09	300,000	-	-	-	-	300,000
May 27, 2025	$0.06	1,666,667	-	-	-	-	1,666,667
Jun 29, 2027	$0.075	400,000	-	-	-	-	400,000
Apr 24, 2028	$0.10	16,535,000	-	-	-	(3,500,000)	13,035,000
Oct 30, 2028	$0.055	2,050,000	-	-	-	-	2,050,000
Jan 21, 2030	$0.05	-	9,200,000	-	-	-	9,200,000
Mar 18, 2030	$0.05	-	1,000,000	-	-	-	1,000,000
		28,551,667	**10,200,000**	**-**	**(5,100,000)**	**(6,000,000)**	**27,651,667**

As at March 31, 2025, the weighted average remaining life of the outstanding stock options was 3.5 years (March 31, 2024 – 3.1 years). Of the outstanding options, 16,535,000 (March 31, 2024 – 16,218,334) were fully vested, exercisable, and had a weighted average remaining useful life of 3.1 years (March 31, 2024 – 2.3 years).

For the year ended March 31, 2025, $225,390 has been recorded as share-based payments (2024 – $1,413,555) upon vesting of the options on the consolidated statements of loss and comprehensive loss.

(c) Employee Share Purchase Plans

On September 25, 2006, shareholders of the Company approved the establishment of an employee share purchase plan ("ESPP"). The ESPP allows qualifying employees to purchase common shares of the Company equal to 8% of their annual compensation to a maximum amount of $8,000 per year unless the Board waives the individual maximum. The Company matches the number of shares purchased at no additional cost to the employee over a three-year vesting period or such other period determined by the Board. There were no purchases under the ESPP during the years ended March 31, 2025 and 2024.

(d) Restricted Share Units ("RSUs")

On April 24, 2023, the Company granted 5,975,000 RSUs to certain directors and consultants, based on the following vesting terms:

- 4,950,000 RSUs – 1/3 vested on grant, 1/3 will vest on April 24, 2024, and the remainder vest on April 24, 2025;
- 1,000,000 RSUs – 1/2 vested on grant, 1/4 will vest on April 24, 2024, and the remainder vest on April 24, 2025; and
- 25,000 RSUs – all vested on grant.

On January 21, 2025, the Company granted 5,750,000 RSUs to certain directors, officers, and consultants of the Company. 1/3 of the RSUs vested immediately, 1/3 will vest on January 21, 2026, and the remainder vest on January 21, 2027.

The following summarizes the RSUs activities for the years ended March 31, 2025 and 2024:

	Number of RSUs	Amount
	#	$
Balance, March 31, 2023	300,516	-
Granted	5,975,000	597,500
Vested	(2,408,849)	(237,377)
Balance, March 31, 2024	3,866,667	360,123
Granted	5,750,000	258,750
Vested	(3,883,334)	(281,917)
Forfeited	(500,000)	(50,000)
Balance, March 31, 2025	**5,233,333**	**286,956**

(Expressed in Canadian Dollars)

15. Capital Stock (continued)

(e) Warrants

The following summarizes the warrants activities for the years ended March 31, 2025 and 2024:

	Number of Warrants	Amount	Weighted-Average Exercise Price
	#	$	$
Balance, March 31, 2023	78,020,641	10,701,239	0.46
Issued (Note 9)	238,095	6,392	0.16
Exercised	(200,000)	(10,371)	0.06
Expired	(29,354,705)	-	-
Balance, March 31, 2024	48,704,031	10,697,260	0.35
Issued (Note 9)	14,875,000	320,054	0.02
Expired	(48,704,031)	-	0.158 – 0.38
Balance, March 31, 2025	**14,875,000**	**11,017,314**	**0.10**

The following table summarizes information of warrants outstanding as at March 31, 2025:

Date of expiry	Number of Warrants outstanding	Exercise price	Weighted-Average Remaining Life
	#	$	Years
April 8, 2026	14,875,000	0.10	1.02
	14,875,000		**1.02**

(f) Loss per Share Data

The effect of outstanding common share purchase options, RSUs, warrants and convertible debentures on the net loss for the years ended March 31, 2025 and 2024 presented is not reflected as to do so would be anti-dilutive.

16. Revenue

Revenue recorded during the years ended March 31, 2025 and 2024 were as follows:

	2025	2024
	$	$
Wholesale product sales	**2,600,196**	2,302,610
Wholesale mushroom sales	**574,290**	941,097
Mushroom grow kit sales	**1,542,158**	1,178,943
Retail sales	**227,734**	324,160
Others	**-**	5,171
	4,944,378	4,751,981

17. Capital Management

The Company considers share capital and equity reserves as capital. The Company requires capital to fund existing and future operations and meet regulatory capital requirements. The Company's policy is to maintain adequate levels of capital at all times. The Company considers its capital to be shareholders' equity, which is comprised of share capital, reserves, accumulated other comprehensive income, and accumulated deficit. The Company's objectives when managing capital are to: (i) provide financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations, and continue as a going concern; (ii) maintain a capital structure which allows the Company to respond to changes in economic and marketplace conditions and affords it the ability to participate in new investments; (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders equal with the level of risk; and (iv) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

17. Capital Management (continued)

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: (i) raising capital through the issuance of securities, and (ii) financing capital expenditures through leases.

18. Provisions, Commitments and Contingencies

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties, and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

19. Financial Instruments and Risk Management

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rates, currency or credit risks arising from its financial instruments.

Price Risk

The Company is exposed to price risk through its investments in publicly-traded and private marketable securities. A 10% change in the fair value of these securities would impact the Company's net loss for the year ended March 31, 2025 by approximately $77,900 (2024 – $102,300).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's convertible debentures have fixed interest rates and are carried at amortized costs. As at March 31, 2025, the Company had no hedging agreements in place with respect to floating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign Exchange Risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk. The Company holds minimal financial instruments in foreign currencies.

The Company's functional and reporting currency is the CAD. Foreign exchange risk arises from transactions denominated in currencies other than the CAD. The Company's primary foreign exchange exposure is the Euro, being the local currency in the Netherlands where the Company's subsidiaries RLH Netherlands, RLH Farms, SR Wholesale, MiniChamp and Wellness World operate.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than the Canadian dollar. As at March 31, 2025, the Company has $2,065,436 (March 31, 2024 – $2,084,154) of net assets and liabilities that are denominated in currencies other than CAD. A 10% change in the value of net assets and liabilities that are denominated in currencies other than CAD as a result in changes in foreign exchange rates would change the Company's net loss by approximately $206,500 (March 31, 2024 – +/- by approximately $208,400).

(Expressed in Canadian Dollars)

19. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company manages liquidity risk by reviewing the amount of cash available to ensure that it meets its current obligations. The following table summarizes the Company's liabilities and potential due dates related to liquidity risk as at March 31, 2025:

	Total Contractual Payments	**Payments Due by Period**		
		< 1 Year	**1-3 Years**	**4-5 Years**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	1,366,667	1,366,667	-	-
Loans and advances	1,127,884	1,127,884	-	-
Lease liabilities	405,276	83,723	321,553	-
Convertible debenture	650,000	650,000	-	-
	3,549,827	**3,228,274**	**321,553**	**-**

The following table shows the breakdown of the Company's accounts payable and accrued liabilities as at March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	$	$
Accounts payable	**626,045**	921,350
Professional fee accruals	**301,372**	322,000
Consulting and payroll accruals	**145,502**	145,564
Other accruals	**293,748**	293,122
	1,366,667	1,682,036

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, marketable securities, and accounts receivable.

The Company has trade accounts receivable from customers. The Company's credit risk arises from the possibility that a counterpart which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific customers may be affected by economic factors and government and legal factors which may impact accounts receivable. Credit risk for accounts receivable is assessed on a case-by-case basis and a provision is recorded where required. As of March 31, 2025, the Company estimated ECL to be $25,303 (March 31, 2024 – $18,718).

Accounts receivable aging are as follows:

	March 31, 2025	March 31, 2024
	$	$
Current	**344,103**	422,813
30 to 60 Days Overdue	**22,142**	26,068
60 to 90 Days Overdue	**1,622**	5,644
Over 90 Days Overdue	**61,466**	88,603
Less: Allowance for credit losses	**(25,303)**	(18,718)
	404,030	524,410

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents, and marketable securities are held with reputable financial institutions and additional cash held in trust with the Company's legal counsel, from which management believes the risk of loss to be remote.

(Expressed in Canadian Dollars)

19. Financial Instruments and Risk Management (continued)

MISTERCAP Amendment

On April 17, 2024, the Company and MISTERCAP'S entered into the Amended MISTERCAP IP Agreement, pursuant to which the parties agreed to pivot the direction for its line of MISTERCAP'S mushroom grow kits towards retail and distribution channels.

The Amended MISTERCAP IP Agreement removed all guaranteed payments payable to MISTERCAP's, including monthly marketing fees, such that the consideration from the Company to MISTERCAP'S would be in the sole form of royalty payments, being 15% for all sales under MISTERCAP'S, except for sales that originate from the MISTERCAP'S website which would be subject to a 20% royalty fee. Other terms in the Amended MISTERCAP IP Agreement included: (i) the extension of the original MISTERCAP IP Agreement to a term of 5 years, (ii) the Company paying MISTERCAP'S a one-time catch-up payment in the amount of US $125,000 owed by the Company, of which US $87,500 had been paid and with the balance due within 45 days from April 17, 2024, (iii) the forgiveness of any net amounts outstanding due to MISTERCAP'S, (iv) the removal of a marketing account; and (v) the removal of the issuance of Common Shares as part of any consideration payable by the Company. With the Amended MISTERCAP IP Agreement in place, the Company would be able to allocate its resources more efficiently, focusing on the development of retail and distribution channels for MISTERCAP'S.

During the year ended March 31, 2025, the Company recognized a gain on termination of contract of $161,924 and a contract termination fee of $171,883 related to the Amended MISTERCAP IP Agreement.

A summary of the transaction under the Amended MISTERCAP IP Agreement is as follows:

	March 31, 2025
	$
Derecognition of accounts payable	**186,984**
Derecognition of accounts receivable	**(25,060)**
Gain on termination of contract	**161,924**
Contract termination fee	**(171,883)**
Net Contract Termination Cost	**(9,959)**

Fair Value of Financial Assets and Financial Liabilities

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.

Fair Value Hierarchy

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

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

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Of the Company's investments reported on the consolidated statements of financial position as at March 31, 2025, Level 3 financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. Net changes in unrealized gains (loss) are recognized in profit and loss. Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2.

(Expressed in Canadian Dollars)

19. Financial Instruments and Risk Management (continued)

Fair Value Hierarchy (continued)

Significant unobservable inputs used in the fair value measurement of Level 3 investments as at March 31, 2025 were:

Description	Fair value	Valuation-technique / unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs
Unlisted private equities	778,833	Qualitative and quantitative information provided by Elevate Farms	100%	Additional recent financing activity

For investments valued based on recent financing activity, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of this investment will result in an approximate change of $194,700 change in the total fair value of the investments as of March 31, 2025 (March 31, 2024 – change of $255,800). While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment. Furthermore, the analysis does not indicate the probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

20. Related Party Transactions and Balances

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

During the years ended March 31, 2025 and 2024, compensation, paid or payable, to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

	2025	2024
	$	$
Salaries	**571,898**	992,432
Consulting fees	**483,865**	399,802
Car allowances	**19,200**	13,200
Others	**6,000**	35,200
	1,080,963	1,440,634

During the year ended March 31, 2025, compensation of $571,898 (2024 – $992,432) comprised of salaries for certain officers and directors of the Company, is as follows:

- Chief Executive Officer: $330,000 (2024 – $492,088);
- Former Chief Financial Officer ("CFO"): $55,916 (2024 – $276,402) [4];
- VP of Sales: $157,392 (2024 – $62,500);
- Former VP of Sales: $8,590 (2024 – $137,692); and
- No-executive director: $20,000 (2024 – $23,750).

During the year ended March 31, 2025, compensation of $483,865 (2024 – $399,802) comprised of consulting fees for certain officers and directors, for services provided to the Company, is as follows:

- Current CFO: $11,935 (2024 – $nil);
- Former Interim CFO: $117,000 (2024 – $nil) [5]; and
- Other officers and directors: $354,930 (2024 – $399,802).

[4] The Company's former CFO resigned on June 21, 2024.

[5] The Company's former Interim CFO, appointed on July 4, 2024, resigned on January 22, 2025

(Expressed in Canadian Dollars)

20. Related Party Transactions and Balances (continued)

As at March 31, 2025, $122,616 (March 31, 2024 – $58,322) was due to related parties and included in accounts payable and accrued liabilities.

Share-Based Payments

During the years ended March 31, 2025 and 2024, share-based payments issued to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, are as follows:

Year Ended March 31, 2024

- On April 24, 2023, the Company granted 4,950,000 RSUs to certain directors valued at $495,000 (see Note 15(d));
- On April 24, 2023, the Company also granted 13,550,000 stock options to certain directors and officers valued at $1,025,083 (see Note 15(b)); and
- On October 30, 2023, the Company granted 600,000 stock options to certain directors and officers valued at $25,225 (see Note 15(b)).

Year Ended March 31, 2025

- On January 21, 2025, the Company granted 3,500,000 RSUs to certain directors and officers valued at $157,500 (Note 15(d));
- On January 21, 2025, the Company also granted 4,900,000 stock options to certain directors and officers valued at $172,276 (see Note 15(b)); and
- On March 18, 2025, the Company granted 1,000,000 stock options to a director valued at $26,214 (see Note 15(b)).

21. General and Administrative Expenses

The Company's G&A expenses for the years ended March 31, 2025 and 2024 were comprised of the following:

	2025	2024
	$	$
Advertising and promotions	**214,747**	330,983
Amortization and depreciation	**777,119**	931,207
Consulting and management fees	**705,046**	797,124
Insurance	**195,180**	239,639
Investor and public relations	**12,475**	26,385
Legal, audit and other professional fees	**1,167,972**	879,270
Office and general	**702,748**	709,872
Payroll (Note 20)	**1,496,208**	2,015,159
Regulatory	**98,459**	63,559
Selling	**315,697**	749,399
	5,685,651	6,742,597

22. Income Taxes

Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5% (2024 – 26.5%) to the effective tax rate is as follows:

	2025	2024
	$	$
Loss before income taxes	**(4,415,015)**	(7,772,984)
Expected income tax recovery based on statutory rate	**(1,169,979)**	(2,059,842)
Adjustment to expected income tax recovery		
Share-based compensation	**152,721**	374,592
Deferred financing costs	**106,923**	-
Impairment loss	**140,699**	525,776
Gain on sale of investments	**-**	4,121
Difference in tax rates and others	**(105,730)**	5,054,816
Change in benefits of tax assets not recognized	**768,137**	(3,958,658)
Income tax recovery	**(107,229)**	(59,195)

(Expressed in Canadian Dollars)

22. Income Taxes (continued)

Provision for Income Taxes (continued)

	2025	2024
	$	$
Current tax expense	**26,891**	2,235
Deferred tax recovery	**(134,120)**	(61,430)
Income tax recovery	**(107,229)**	(59,195)

Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. The following table summarizes the components of deferred tax:

	2025	2024
	$	$
Deferred Tax Assets		
Non-capital loss carry-forwards – Canada	**311,106**	275,268
Right-of-use assets and lease liability	**-**	988
Deferred Tax Liabilities		
Right-of-use assets and lease liability	**(841)**	-
Intangible assets and inventory	**(2,925)**	(10,564)
Marketable securities	**-**	(58,397)
Net book value / unallocated capital cost	**(602,426)**	(618,604)
Total	**(295,086)**	(411,309)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2025	2024
	$	$
Non-capital loss carry-forwards – Canada	**48,452,273**	44,244,906
Share issuance costs	**18,618**	1,151,267
Intangible assets	**180,941**	180,941
Mineral property costs	**4,193,946**	4,193,946
Goodwill	**582,422**	424,150
Non-capital loss carry-forwards – the Netherlands	**1,121,260**	850,030
Capital losses carried forward	**86,229,386**	86,706,981
Net book value / unallocated capital cost	**234,117**	263,743
Others	**34,304**	132,671
	141,047,267	138,148,635

Deferred Tax Liabilities

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	2025	2024
	$	$
Movement in net deferred tax liabilities:		
Opening deferred tax liabilities	**(411,309)**	(506,476)
Recognized through profit and loss	**116,223**	95,167
Ending deferred tax liabilities	**(295,086)**	(411,309)

(Expressed in Canadian Dollars)

22. Income Taxes (continued)

Tax Loss Carryforwards

Any non-capital losses that may be utilized to reduce taxable income in Canada in future years expire at the end of the following years:

	$
2027	3,327,334
2028	-
2029	3,188,588
2030	2,710,297
2031	2,111,236
Thereafter	37,114,818
	48,452,273

Non-capital losses in the amount of $1,121,260 may be utilized to reduce taxable income in the Netherlands in future years and would not expire.

23. Segment Information

The Company's results are reported by geographical business units that operate in different countries. The Company has identified its operating segment based on the financial information that is reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. These segments reflect how the Company manages its business and how management classifies operations for planning and measuring performance. The CODM considered RLH Netherlands, SR Wholesale, RLH Farms, MiniChamp and Wellness World as one operating segment (all reside in Netherland), Red Light Holland (Subco 1) Inc., Red Light Holland (Subco 2) Inc., AEM and Happy Caps as one operating segment (all reside in Canada), Radix and Red Light Acquisition as one operating segment (both reside in the United States).

The following tables present the total revenue and comprehensive loss by segment for the years ended March 31, 2025 and 2024:

Revenue	**2025**	2024
	$	$
Netherlands	**3,432,291**	3,034,373
Canada	**1,510,914**	1,712,448
United States	**1,173**	5,160
	4,944,378	4,751,981

Comprehensive loss	**2025**	2024
	$	$
Canada	**(4,222,732)**	(6,152,430)
United States	**(48,395)**	(72,813)
Netherlands	**(2,490)**	(1,516,046)
	(4,273,617)	(7,741,289)

The following tables present the assets and liabilities by segment as at March 31, 2025 and 2024:

Total assets as at	**March 31, 2025**	March 31, 2024
	$	$
Canada	**18,666,943**	21,500,004
Netherlands	**2,498,121**	2,504,543
United States	**56,328**	79,413
	21,221,392	24,083,960

(Expressed in Canadian Dollars)

23. Segment Information (continued)

Total liabilities as at	**March 31, 2025**	March 31, 2024
	$	$
Canada	**3,234,320**	2,987,364
Netherlands	**637,485**	679,513
United States	**-**	154,781
	3,871,805	3,821,658

24. Subsequent Events

Redemption of Debentures

On April 17, 2025, the Company repaid the outstanding convertible debentures of $650,000 for total proceeds of $653,134, including interest of $3,134.

Issuance of Common Shares

On April 25, 2025, the Company issued 1,400,000 common shares upon exercise of 1,400,000 vested RSUs previously granted on April 24, 2023.

Expiry of Stock Options

On May 10, 2025, 300,000 options exercisable at $0.09 per option expired unexercised.

On May 27, 2025, 1,666,667 options exercisable at $0.06 per option also expired unexercised.

Purchase of Bitcoin ETFs

On June 24, 2025, the Company purchased certain Bitcoin-related exchange-traded fund for $209,847 as part of a strategic investment.

Grant of RSUs

On July 15, 2025, the Company granted 3,333,333 RSUs to a consultant. The RSUs will vest in four equal tranches over 12 months.