



RED LIGHT HOLLAND

RED LIGHT HOLLAND CORP.

Management's Discussion & Analysis

For the Year ended March 31, 2025

RED LIGHT HOLLAND CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025

This management's discussion and analysis (this "**MD&A**") was prepared as of July 29, 2025, and is provided to assist readers in understanding the financial performance of Red Light Holland Corp. (the "**Company**") for the year ended March 31, 2025. It should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2025 and 2024, together with the notes thereto (the "**Annual Financial Statements**"). This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. The results reported herein have been derived from the Annual Financial Statements, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and IFRIC® Interpretations of the IFRS Interpretations Committee, and unless otherwise indicated, all figures are presented in Canadian dollars ("\$" or "**CAD**"). Unless the context otherwise requires, use in this MD&A of the "Company", "Red Light Holland", "RLHC", "we", "us", or "our" means Red Light Holland Corp. and its subsidiaries.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the "**Board**"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares (the "**Common Shares**"); (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The Board approves the Annual Financial Statements and this MD&A and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the audit committee of the Company, which reviews and recommends all financial reports to the Board for approval prior to filing.

This MD&A contains forward-looking information and statements (collectively, "**FLS**"). See the section "*Caution Regarding Forward-Looking Information and Statements*" for a discussion of the risks, uncertainties and assumptions relating to those statements.

GLOSSARY OF TERMS

In this MD&A, unless otherwise indicated, or if the context otherwise requires, "**Adjusted EBITDA**" is the net income (loss) for the period, before income tax (recovery) expense, accretion and interest expense, depreciation and amortization, and adjusted for foreign exchange (gain) losses, transaction and acquisition costs, (gain) loss on revaluation of put option liability, (gain) loss on extinguishment of debenture, impairment loss, share-based payments, (gain) loss on revaluation of marketable securities and (gain) loss on extinguishment of financial liability and other (gain) loss; "**AEM Farm**" means AEM's gourmet mushroom production facility in New Brunswick, Canada; "**AEM Ontario**" means the two mushroom production facilities with an aggregate footprint of 65,000 square feet that the Company is building on the Peterborough Farm; "**AEM**" means Acadian Exotic Mushrooms Ltd., which a 51% wholly-owned subsidiary; "**Amended Mistercap IP Agreement**" means the amended Mistercap IP Agreement effective April 17, 2024; "**April 2024 Debenture Unit**" means secured convertible debenture units of the Company issued pursuant to the April 2024 Offering; "**April 2024 Offering**" means the non-brokered private placement of April 2024 Debenture Units for aggregate gross proceed of \$750,000; "**April 2024 Settlement Unit**" means one Common Share and one Common Share purchase warrant, at a deemed price of \$0.05 per unit, as an extension fee to the holder who had agreed to settle the March 2021 Note; "**Business**" means the business carried on by the Company as at the date of this MD&A, and where the context so requires, includes the business carried on by the Company prior to the date of this MD&A; "**CCrest Laboratories**" means CCrest Laboratories Inc.; "**EBITDA**" means earnings before interest, taxes, depreciation and amortization; "**E.U.**" means European Union; "**Happy Caps**" means 4316747 Nova Scotia Limited, d/b/a Happy Caps Farm, incorporated under the *Companies Act* (Nova Scotia) on April 16, 2021; "**Horst Facility**" means the approximately 3,000 square feet indoor growing, production, and distribution facility in Horst, the Netherlands; "**Irvine Labs**" means Irvine Labs Inc.; "**March 2021 Note**" means the convertible promissory note in the principal amount of €300,000 in relation to the SR Wholesale acquisition on March 19, 2021; "**March 2023 Debt Settlement Agreement**" means the debt settlement agreement entered into between the Company pursuant to which the March 2021 Note was cancelled and the Company issued the following: (i) a secured convertible debenture with a principal amount of \$491,173.33, inclusive of an original issuance discount of 10%; (ii) an aggregate of 1,052,514 warrants; and (iii) a security agreement over specific equipment of the Company to the holder of the March 2021 Note; "**MiniChamp**" means MiniChamp B.V., is a mushroom farm located in Horst, the Netherlands, specializing in the field of home cultivation packages for mushrooms. It was acquired by RLH Netherlands and became the Company's wholly-owned subsidiary on October 4, 2022; "**Mistercap IP Agreement**" means the intellectual property licensing agreement the Company entered into with Mistercap on June 29, 2022, as amended; "**MISTERCAP'S**" means the mushroom wellness brand founded in 2022 to create innovative

functional mushroom wellness products, and is affiliated with multi-platinum-selling, GRAMMY® and Golden Globe® Award-nominated recording artist Wiz Khalifa, who provides marketing advisory services to the Company through Mistercap; “**Mistercap**” means Mistercap, LLC, a limited liability company; “**Mushroom Home Grow Kits**” means the mushroom home grow kits sold by Happy Caps; “**Options**” means the incentive stock options to purchase Common Shares granted pursuant to the Stock Option Plan; “**Peterborough Farm**” means the 100 acres of farmland located in the Township of Cavan-Monaghan in Peterborough, Ontario; “**Psilocybin**” means 3-[2-(dimethylamino)ethyl]-4-phosphoryloxyindole and any salt thereof, as defined in the CDSA; “**R&D**” means research and development; “**Radix Motion**” means Radix Motion Inc., a technology and innovation company focused on empowering the psychedelic ecosystem with embodied technology, including augmented reality, virtual reality, and interactive holograms. Radix Motion was incorporated under the laws of Delaware on October 18, 2018; “**RLH Farms**” mean RLH Farms B.V., a wholly owned subsidiary incorporated under the laws of the Netherlands on February 26, 2021; “**RLH Netherlands**” means RLH Netherlands B.V., a wholly-owned subsidiary of the Company incorporated under the laws of the Netherlands on August 5, 2020; “**RSUs**” means restricted share units; “**SmartShops**” means the brick-and-mortar retail stores authorized under Applicable Laws (where required) and located and operated within the Netherlands. SmartShops are retail establishments focused on the sale of psychoactive substances, generally including psychedelics and truffles, as well as related literature and paraphernalia; “**SR Wholesale**” means SR Wholesale B.V., a limited liability company incorporated under the laws of the Netherlands and acquired by the Company on March 19, 2021; “**truffles**” or “**magic truffles**” means Psilocybin truffles, which are the sclerotia (the compact mass of hardened, vegetative part of a fungus or fungus-like bacterial colony which contain food reserves) of Psilocybin mushrooms; “**U.S.**” or “**United States**” means United States of America; “**Wellness World OSS**” means Wellness World OSS B.V., a wholly-owned subsidiary incorporated under the laws of the Netherlands on July 26, 2022; “**Wellness World Utrecht**” means Wellness World Utrecht B.V., a wholly-owned subsidiary incorporated under the laws of the Netherlands on July 26, 2022; and “**Wisdom Truffle**” is a figurine centered around the Company’s brand, capable of integrating with the Company’s future augmented reality application(s).

COMPANY OVERVIEW

The Company is an Ontario-based corporation 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, in compliance with all applicable laws. We are focused on ramping up mushroom production, increasing distribution channels and growing our truffle/functional mushroom brands, consumer packaged goods and, recently announced, fresh mushrooms to drive increased sales while being determined to grow both our business-to-business (“**B2B**”) retail sales and direct-to-consumer (“**DTC**”) business via brick-and-mortar shops and the online sales of all products.

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 Stock Exchange (the “**CSE**”) under the symbol “**TRIP**”, on the Frankfurt Stock Exchange (the “**FSE**”) under the symbol “**4YX**”, and on the OTCQB Venture Market (the “**OTCQB**”) under the symbol “**TRUFF**”. Additional information relating to RLHC is available on our profile page on SEDAR+ at www.sedarplus.ca.

HIGHLIGHTS OF KEY EVENTS FOR THE YEAR ENDED MARCH 31, 2025

April 1, 2024: The Company negotiated an extension of 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. As such, the Company completed the April 2024 Offering through the issuance of April 2024 Debenture Units for aggregate gross proceeds of up to \$750,000, at a price of \$1,000 per 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 for 16,666.67 Common Shares. The principal of the debenture may be converted into Common Shares at a conversion price of \$0.06 per Common Share. 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. Subsequent to the year-end, on April 8, 2025, the debenture matured unconverted.

On April 8, 2024, the Company closed the April 2024 Offering, and issued 2,375,000 April 2024 Settlement Units to the debenture holder, as an extension fee to the holder who had agreed to settle the 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. Each April 2024 Settlement Unit comprised of: (i) one Common Share; and (ii) one Common Share purchase warrant, at a deemed price of \$0.05 per April 2024 Settlement Unit. The Company also issued 1,666,666 Common Shares for \$100,000 on conversion of the convertible debenture.

April 2, 2024: The Company acquired the remaining 20% interest in Happy Caps and now owns 100% of Happy Caps.

April 4, 2024: The Company partnered with Professor David Nutt, a globally recognized expert in psychedelic neuropsychopharmacology, and Drug Science, the United Kingdom's leading independent scientific body on drugs. This collaboration aims to analyze iMicroapp data and promote responsible regulations for Psilocybin microdosing. By focusing on data collected in a naturalistic and legal environment in the Netherlands, where the Company's Psilocybin truffles are sold responsibly, the initiative seeks to understand how microdosing can be used safely and effectively.

April 8, 2024: The Company initiated its export of 5 kg of natural Psilocybin truffles from the Horst Facility to CCrest Laboratories. This shipment leveraged a fifth Health Canada approved Psilocybin import permit awarded to CCrest Laboratories.

April 17, 2024: The Company and MISTERCAP'S entered into the Amended Mistercap 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.

April 23, 2024: The Company announced that CCrest Laboratories completed the initial testing and dehydration of Psilocybin truffles. Following this advancement, the dehydrated truffles were shipped to Chiral Labs, the development laboratory facility of PharmAla Biotech Holdings Inc. ("**PharmAla**") for the next phase of extraction and research. This extraction process was aimed at refining and stabilizing the Psilocybin, which is essential for longer shelf life and developing a product intended for clinical research and emerging markets. In July 2024, PharmAla completed a comprehensive extraction protocol of Psilocybin extract at Chiral Labs.

May 15, 2024: AEM partnered with Agro-Projects Export Sp. z o.o. Sp.k., a Polish firm renowned for its expertise in designing technologically advanced mushroom cultivation facilities, to embark on a \$5.5 million contract to construct AEM Ontario on the Peterborough Farm. Construction commenced with clearing and road work performed.

May 23, 2024: The Happy Caps "Mega Block" 2kg Mushroom Home Grow Kits launched and were made available at 67 Costco locations across Canada. Costco Canada secured an initial order of over 20,000 units. The distribution to Costco Canada included 18 locations in Alberta, 16 in Ontario, 14 in British Columbia, 12 in Quebec, three in Saskatchewan, three in Manitoba, and one in New Brunswick.

May 27, 2024: The Company completed the first phase natural Psilocybin extraction at Chiral Labs. And on June 7, 2024, the Company also announced PharmAla's successful completion of a comprehensive extraction protocol. This achievement marks the successful extraction and creation of a high-quality, concentrated Psilocybin extract at PharmAla's partner lab facilities, Chiral Labs.

June 21, 2024: David Ascott resigned as Chief Financial Officer ("**CFO**") of the Company to pursue an opportunity in another industry. Mr. Ascott has served as Red Light Holland's CFO since November 2021. On July 4, 2024, the Company appointed Jon Szczur as Interim CFO.

July 9, 2024: The Company announced the culmination of the research collaboration with Professor Nutt and Drug Science. This study, leveraging data from our microdosing application (<https://imicroapp.com>), provides anonymized, user-consented insights into the multifaceted applications and sex-specific effects of Psilocybin microdosing.

July 11, 2024: Happy Caps received an informal projection letter from Costco Canada indicating a prospective reorder of over 40,000 units of the Happy Caps "Mega Block" 2kg Mushroom Home Grow Kits.

September 3, 2024: The Company launched FarmCare Health ("**FarmCare**"), an initiative aimed at transforming the healthcare industry through the power of farm-fresh food prescriptions. This venture is being spearheaded by Tony Clement, former Canadian Health Minister and Industry Minister, who serves as Senior Advisor to the Company.

September 23, 2024: The Company authorized the repurchase under a normal course issuer bid (the "**2024 NCIB**") of up to 20,046,794 Common Shares through the facilities of the CSE. Purchases under the 2024 NCIB commenced as of September 30, 2024, and will end on the earlier of: (i) September 30, 2025; or (ii) the date on which the Company has purchased the maximum number of Common Shares to be acquired under the 2024 NCIB. The Company is not obligated to purchase any Common Shares under the 2024 NCIB.

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FOR THE YEAR ENDED MARCH 31, 2025**

September 24, 2024: The Company announced an expansion of its partnership with Costco Canada, as the Happy Caps “Mega Block” 2kg Mushroom Home Grow Kits were made available in 82 Costco locations across Canada.

September 25, 2024: Happy Caps entered into a strategic partnership with Trailbridge Mushroom Farms (“**Trailbridge Farms**”), based in Lacombe, Oregon, who specialize in cultivating delicious gourmet mushrooms and supplying the Pacific Northwest and beyond. This collaboration is set to enhance the production and distribution of Happy Caps’ mushroom home grow kits, in its varieties: shiitake, oyster, and lion’s mane, throughout the West Coast of the U.S.

October 31, 2024: The Company hosted its annual general and special meetings of shareholders, where Todd Shapiro, the Chief Executive Officer (the “**CEO**”) of Red Light Holland, Brad Lamb, Ann Barnes and Binyomin Posen were all re-elected as directors. Ms. Barnes subsequently resigned from the Board on November 28, 2024.

November 26, 2024: The Company announced that it has entered into a strategic partnership with Irvine Labs, an FDA-compliant and DEA-registered facility in California. Irvine Labs is licensed for prescription and over-the-counter drug manufacturing by the California Department of Public Health and is a DEA Schedule 1 Bulk drug cultivator, manufacturer, importer and exporter, including Psilocybin, psilocin, marijuana, THC, extracts, DET, DMT, LSD, peyote and mescaline. Under this partnership, Irvine Labs will utilize its FDA-compliant and DEA-registered infrastructure and licenses for Schedule 1-5 controlled substances to manufacture our microdosing capsules, each containing 0.5 mg of Psilocybin, packaged in child-proof, pharmaceutical-grade bottles.

January 22, 2025: The Company appointed Keith Li as its full-time CFO, as Interim CFO Mr. Szczur stepped aside.

February 4, 2025: Happy Caps received approval for a Natural Product Number (“**NPN**”), by Health Canada, for their ‘Functional Daily’ mushroom gummies. This sugar free product, featuring shiitake and lion’s mane mushrooms, is now officially recognized for meeting Health Canada’s rigorous requirements for safety, effectiveness, and quality. With the Health Canada NPN approval, Happy Caps can now market its mushroom gummies and their recommended purpose and usage as follows: (i) source of fungal polysaccharides with immunomodulating properties, (ii) source of antioxidants and (iii) provides antioxidants.

March 19, 2025: The Company appointed Michael Galloro to its Board. Mr. Galloro is an accomplished executive with over 29 years of hands-on experience in financial and transactional leadership. As the Managing Partner of ALOE Finance, he provides advisory services to small and mid-cap public companies across Canada and the U.S. His expertise spans areas such as mergers and acquisitions, financing, corporate structuring, and corporate governance.

HIGHLIGHTS OF KEY EVENTS FROM APRIL 1, 2025, TO THE DATE OF THE MD&A

April 7, 2025: The Company announced that Happy Caps has secured a purchase order with Albertsons Companies, Inc. (“**Albertsons**”), marking the beginning of a partnership to distribute our Happy Caps Mushroom Home Grow Kits.

April 15, 2025: The Company announced that Irvine Labs has received its 2025 Psilocybin DEA quotas including an import quota.

April 22, 2025: Happy Caps officially launched its Mushroom Home Grow Kits with Albertsons, which marked the first U.S. retail rollout for Happy Caps, and introduces three of its most popular varieties: Shiitake, Lion’s Mane, and Oyster mushrooms, to 66 Safeway locations across Oregon.

May 13, 2025: Happy Caps officially re-stocked its Mushroom Home Grow Kits in Costco Canada stores nationwide, now available in the majority of select Costco Canada locations from coast to coast. It follows Costco Canada’s recent Informal Projection Letter (“**IPL**”), outlining an order of 20,160 units of the Happy Caps “Mega Block” 2kg Mushroom Home Grow Kits, which were delivered and made available for the Victoria Day weekend.

May 21, 2025: The Company announced that Irvine Labs received its U.S. Controlled Substances import permit for Psilocybin raw materials (truffles) from the Horst Facility, following the Psilocybin DEA quotas announced in April 2025. With both the DEA quota and import permit now secured, Irvine Labs and Red Light Holland will proceed with the shipment of three kg of raw Psilocybin material from the farm.

June 19, 2025: the Company announced a partnership with Arizona State University (the “**ASU**”) to support Dr. Candace Lewis, PhD’s research study titled “*Psychedelic Genome Project – Genomic regulators of Psilocybin response.*” This research aims to advance understanding of the effects of Psilocybin on genetic expression and improve nutrition-driven health outcomes.

July 2, 2025: The Company announced that Dr. Robin Carhart-Harris, a leading authority in psychedelic research, has joined the Company as an independent Scientific Advisor. The advisory role will also include regular science-focused discussions to help advance our research initiatives and educational outreach efforts with the aim of increasing safety and responsible access, if and when regulations permit.

July 14, 2025: The Company announced that it shipped its naturally occurring Psilocybin from the Horst Facility to Irvine Labs. With the DEA quota secured and U.S. Controlled Substances import permit approved, Irvine Labs has now received our natural Psilocybin products, grown in the Company's facility in the Netherlands.

July 15, 2025: The Company announced its Bitcoin Balance Sheet Strategy: Empowering a Decentralized Future (the **"Bitcoin Strategy"**), led by cryptocurrency titan Scott Melker. On July 25, 2025, the Company announced its selection of Arch Public Inc. as a key partner for executing Bitcoin purchases, on the recommendation of Mr. Melker.

UPDATE ON OPERATIONS AND SIGNIFICANT PROJECTS

In expanding its operations internationally, the Company now has operations in the Netherlands, Canada, and the U.S. With a view towards further expansion, we are continuously looking for viable opportunities to expand operations of functional mushroom production and distribution as well as Psilocybin production and sales across both North America and the E.U., if and when regulations permit. The Company also has plans to expand operations into other geographical regions should regulations permit. The following is an update on our current significant projects:

NETHERLANDS

Retail Stores located in Oss and Utrecht – MUSHROOM & MORE

In October 2024, the Company sold certain inventories and assets of Wellness World OSS' retail store located in the Netherlands for €25,000. The sale included all lease obligations and inventories and was made for cost-saving purposes given the challenges experienced in penetrating a larger customer base and slowing tourism in the area. The Company continues to focus on growing the retail location in Utrecht, while exploring acquiring or building other locations across the Netherlands as we are still confident in the overall retail brand and sector.

In November 2024, the Company launched its Mushroom & More online platform with online payment processing. This platform offers a wide selection of legal Psilocybin truffles for customers in the Netherlands, produced at Red Light Holland farm, as well as a range of cannabis cultivation supplies and mushroom supplements for both the Netherlands and German markets.

Psilocybin Truffles

The Company's truffle farm located in Horst, which supplies SR Wholesale, continues to grow and currently generates cash from its operations. The Company's iMicrodose and Maka magic truffles line, including the Hollandia, Mekanaut, Muskoka, Mexicana, Atlantis, Double Vision, Old Dutch and Utopia varieties, are designated as a "Responsible Use" Psychedelic. Both lines of truffles are currently being distributed through SR Wholesale and sold by a number of SmartShops across the Netherlands including our retail store located in Utrecht. The iMicrodose truffle line, including Minfuli, Triniti, Uniti, and Original, continues to be supported by the iMicroapp tele-counseling platform, with over 1,150 registered users who agreed to share their anonymous data for research and receive access to the Company's licensed therapist.

SR Wholesale

Sales revenue and gross profit attributed to SR Wholesale continue to operate efficiently despite the slowing of tourism in the Netherlands. The business continues to generate cash in the current market conditions through the expansion of both product lines and well-established distribution channels.

MiniChamp

MiniChamp continues to experience quarter-over-quarter growth since last year. Ever since MiniChamp redesigned and rebranded its line of mushroom home grow kits, there has been an increased interest from the European market. MiniChamp continues to produce and package orders with a German distributor for its co-package and white label agreement of 80,000 mushroom home grow kits into 2025. MiniChamp's focus is on maintaining its current clientele while aiming to increase B2B sales throughout Europe.

CANADA

AEM Ontario (located at the Peterborough Farm)

In January 2024, the Company received the building permit from the Township of Cavan-Monaghan for its 80,000 square foot mushroom facility, AEM Ontario. To date, the Company has completed significant road work and land clearing, setting up the next stages for excavation and footings/foundation work. However, in January 2025, AEM Ontario was debanked by the Royal Bank of Canada (“RBC”) due to reputation risk while applying for a construction loan. This is a reflection of RBC’s compliance risk tolerance rather than any financial or legal concerns on our part, as our financial health remains strong. Without access to banking and lending support, advancing the farm build may prove challenging, potentially delaying or altering our timeline. We are diligently exploring solutions and expect to provide clarity on our next steps in the near future. Please see the section below titled “*Debanking and Subsequent Restoration of Banking Activities with a Tier 1 Canadian Bank*” for further information.

Due to the debanking situation and the inability to receive a construction loan, the Company is also exploring optionality as it is currently in discussions with an interested party to sell the farmland. The Company may plan, inclusive of all work and permits, to potentially move on from the farm build in order to consolidate cash back into the treasury. The Company is currently in advanced discussions with a group who have formally confirmed its interest to purchase 100 percent of the rights to the farmland, plans and permits, for an estimated price of \$2.5m-\$2.6m. A due diligence phase is expected in the near future.

The AEM Farm (New Brunswick, Ontario)

Shiitake mushroom sales continue to be down in the fourth quarter of Fiscal 2025 (as defined here in) at the AEM Farm. The goal remains to increase shiitake sales back to their historic level. At full capacity, the Company expects to produce approximately 4,000 to 5,000 pounds of shiitake mushrooms per week with the aim of generating approximately \$24,000 and \$30,000 of revenue per week. It should also be noted that AEM Farm was also debanked in January 2025, but the Company has since restored AEM Farm’s banking activities with TD Canada Trust (“TD”) in February 2025. Please see the section below titled “*Debanking and Subsequent Restoration of Banking Activities with a Tier 1 Canadian Bank*” for further information.

The Happy Caps Farm

In April 2024, Red Light Holland acquired the remaining 20% interest in Happy Caps. The production of Happy Caps mushroom kits has since moved from our leased facility in Halifax to a third-party facility in Ontario as the lease ended in January 2024. The new production in Ontario is sourced through one of our farming partners. The change has resulted in increased production at a reduced cost per unit, which will allow for future scalability to meet increased demand.

Happy Caps products are now available seasonally in over 350 retail stores across Canada. Happy Caps had partnered with Van Noorts, a prominent distributor in the industry, to secure placement of its products in its major retail chains and boutique health and garden stores across Canada. Van Noorts sells to just over 100 retailers, which contribute to the overall 350 seasonal retail partners across Canada.

The Happy Caps “Mega Block” 2kg Home Grow Kit launched in May 2024, with Costco Canada having secured an initial order of over 20,000 units. The Happy Caps “Mega Block” 2kg Home Grow Kits can be purchased for \$19.99 (plus applicable taxes). In August 2024, Happy Caps received a substantial reorder of the “Mega Block” 2kg Home Grow Kit from Costco Canada, which included 26,880 units. In September 2024, the Company announced an expansion of its partnership with Costco Canada, as the Happy Caps “Mega Block” 2kg Mushroom Home Grow Kits are now available in 82 Costco locations across the country. While Costco Canada placed an additional order of 6,720 units to support all Costco warehouses in British Columbia, it subsequently returned these units.

In May 2025, Happy Caps re-stocked its Mushroom Home Grow Kits in Costco Canada stores nationwide. It follows Costco Canada’s recent IPL, outlining a major order of 20,160 units of the Happy Caps “Mega Block” 2kg Mushroom Home Grow Kits.

Back in September 2024, the Company also entered into a strategic partnership with Trailbridge Farms. This collaboration is set to significantly enhance the production and distribution of Happy Caps’ innovative mushroom home grow kits, in all three varieties, including shiitake, oyster, and lion’s mane throughout the West Coast of the U.S. The Company continues its strategy of expanding the Happy Caps product offerings (including current R&D with samples for a projected future release of a functional mushroom gummy). The Company is also highly focused on expanding

Happy Caps Mushroom Home Grow Kits into both Europe and the U.S., including currently having ongoing conversations with buyers from one of the biggest retailers in the U.S. Preparation work is already underway with Trailbridge Farms in Oregon, with more details to be announced.

In April 2025, Happy Caps secured a purchase order with Albertsons to distribute its newly branded Happy Caps Mushroom Home Grow Kits. This strategic partnership with its well-known Safeway banner represents a significant step forward for Happy Caps as it enters the U.S. retail market. Key details of the agreement include:

- 66 Safeway stores across Oregon featuring the Happy Caps Mushroom Home Grow Kits.
- 36 units per location (12 units of each variety: Shiitake, Lion's Mane, and Oyster).
- A total of 2,376 units were ordered for the launch.
- 3 floor displays placed in all 66 locations to maximize product visibility.
- 198 new points of distribution within Safeway's Oregon stores.
- The Happy Caps kits will be merchandised in the Produce section of the stores.
- New U.S. specific packaging featuring "Made in the USA" and "Certified Organic" labels.
- Made with Pride in Oregon, in collaboration with Trailbridge Farms, a local Oregon farm.

Happy Caps continues to explore opportunities with major retailers across North America, further expanding its distribution network and bringing its premium mushroom products to a wider audience.

Happy Caps Functional Gummies Launch

In May 2025, the Company launched the presales of the Health Canada approved **Functional** Mushroom Gummies on its official store website, www.HappyCaps.ca. Each product now prominently features the NPN #80137179 issued by Health Canada, ensuring consumers can trust its safety and efficacy. The **Functional** Daily mushroom gummies offer several health benefits officially recognized by Health Canada, including:

- Source of fungal polysaccharides with immunomodulating properties
- Source of antioxidants
- Provides antioxidants

The **Functional** mushroom gummies reinforce our continued commitment to innovation in the functional mushroom space, providing consumers with science-backed wellness products they can trust. The Company is excited to launch this expansion to our product offering and make these functional gummies available to consumers who are looking to incorporate the benefits of functional mushrooms into their daily wellness routines. Happy Caps is actively exploring both DTC and B2B sales channels to maximize market reach, offering consumers easy online access while also engaging with retailers and wellness-focused partners for broader distribution across North America. The **Functional** mushroom gummies are now available for sale on Amazon.

Psilocybin Research, Development and Distribution

Irvine Labs

In November 2024, the Company entered into a strategic partnership with Irvine Labs. Under this partnership, Irvine Labs will utilize its FDA-compliant and DEA-registered infrastructure and licenses for Schedule 1-5 controlled substances to manufacture the Company's microdosing capsules, which would each contain 0.5 mg of Psilocybin, packaged in child-proof, pharmaceutical-grade bottles. The go-forward plan with Irvine Labs is as follows: (i) Irvine Labs has applied for its initial 2025 Psilocybin DEA quota for import (received in April 2025); (ii) testing of new proprietary dehydration and packaging techniques aimed at extending product shelf life will commence after Irvine Labs obtains the necessary quota and receives raw materials from our Netherlands farm; and (iii) increasing product shelf life, along with Irvine Labs' ability to export, will increase the potential of commercialization and sales to emerging legal markets, government funded pilot programs and clinical trials worldwide.

In May 2025, Irvine Labs received its Controlled Substances import permit for Psilocybin raw materials (truffles) from the Horst Facility, following the 2025 Psilocybin DEA quotas. With the Controlled Substances import permit secured, we can now ship our Psilocybin raw materials from our Netherlands farm to Irvine Labs' California Lab to begin development of extended shelf-life microdosing capsules. This is another critical step in our mission: from underground to mainstream, and the Company is proud of our overall progress and focus on standardization of naturally occurring Psilocybin as our R&D continues with the overall goal of access and making a positive impact.

In July 2025, Irvine Labs received the full shipment of our natural Psilocybin products, grown from the Horst Facility in the Netherlands. The Controlled Substances-approved global shipment represents a groundbreaking milestone in the partnership between the two companies. Potency testing and implementation of advanced shelf life extension protocols are currently underway. The preservation of Psilocybin from naturally derived compounds presents unique challenges in product development and manufacturing. Through our partnership with Irvine Labs and the implementation of proprietary preservation technology, the Company aims to overcome these challenges by developing precise dehydration, manufacturing and storage protocols that maintain the integrity of natural compounds while significantly extending product shelf life. Combined with research into advanced packaging solutions, these innovations represent a comprehensive approach to ensuring product stability and quality throughout the supply chain. Irvine Labs' existing 2025 DEA quota allocation allows for scaling of the R&D process following this first shipment from Red Light Holland and larger shipments are currently being planned.

Other R&D Initiatives

The Company is currently no longer collaborating with PharmAla and Chiral Labs, after a successful partnership that created a high-quality, concentrated Psilocybin extract following the Health Canada approved import of naturally sourced Psilocybin truffles from the Horst Facility. Meanwhile, the Company continues to work closely with CCrest Laboratories on future opportunities and on-going R&D.

In June 2025, the Company entered into a partnership with the ASU to support Dr. Lewis' research study titled "*Psychedelic Genome Project – Genomic regulators of Psilocybin response.*". The study is particularly significant given the growing legalization landscape for psychedelics globally and the potential for developing future novel screening methods that could revolutionize personalized psychedelic medicine. The Company will provide comprehensive support for the study through multiple strategic initiatives:

- **Recruitment Support:** The Company will distribute approved research materials to customers through its subsidiaries in the Netherlands, feature the study prominently on its website and client portal, include study information in monthly newsletters and e-communications, and share promotional content across all social media channels. Additionally, the Company's licensed therapists who offer free consultations to clients will actively refer eligible participants to the screening process.
- **Sample Collection Kit Management:** The Company will coordinate the delivery of saliva collection kits directly to participants who complete eligibility screening and provide informed consent, will track all kit distributions and returns with detailed record-keeping and provide weekly progress updates on participant enrollment and kit distribution status.
- **Ongoing Collaboration:** The partnership includes staff training sessions to ensure proper study protocols, customization of materials to align with customer communication standards, regular check-ins to monitor study progress, and support for robust enrollment through established client relationships and trust networks.

The Company is enthusiastic about partnering with the ASU to support this groundbreaking research, understanding how Psilocybin affects epigenetic regulation of gene expression is a huge missing piece in our understanding of psychedelics that could bring about many breakthroughs.

In July 2025, Dr. Carhart-Harris joined the Company as an independent Scientific Advisor and will provide strategic guidance on Psilocybin research developments and assist with potential academic and regulatory collaborations. The appointment of Dr. Carhart-Harris represents another significant step in our expanding scientific and market entry strategy, which includes:

- Partnership with Professor Nutt and Drug Science, analyzing consensual data from our microdosing app in the Netherlands.
- Development of accurately dosed natural microdosing capsules with CCrest Laboratories via separate Health Canada approved Psilocybin import permits of our naturally occurring Psilocybin.
- Collaboration with Irvine Labs to work toward increasing the shelf life of the microdosing capsules.
- Distribution agreement with Allu Therapeutics, a specialized entity spun out from NUBU Pharmaceuticals in June 2024, focused solely on distribution and sales of psychedelic products in Australia and New Zealand. Notably, New Zealand has recently allowed for a first prescriber of Psilocybin outside of a research setting.
- An upcoming collaboration with the ASU to support psychedelic genome project research study.

The Company will also remain cautious of how it spends money and resources on R&D, until a legal pathway to patients in emerging markets is more clearly defined as we build a supporting strategy with financial forecasts that are realistically achievable, as we focus on future profit in the medical access field, while advocating an adult's 'right to try' naturally occurring Psilocybin.

Veteran Support & Psilocybin Access

The Company moved on from a potential partnership with a healing retreat to collaborate with respected veterans to help facilitate legal access to the Company's naturally occurring Psilocybin from the Netherlands, via CCrest Laboratories, for PTSD treatment. The Company will continue to look for new partners in the veteran community, who strongly believe in the therapeutic potential of Psilocybin. We remain committed to working with veterans' organizations and advocacy groups to advance responsible access and research efforts.

Debanking and Subsequent Restoration of Banking Activities with a Tier 1 Canadian Bank

In January 2025, the Company was informed that its accounts with RBC had been closed. The Company and its subsidiaries had conducted their banking activities with RBC for four and a half years. The debanking, attributed in part to reputational risk concerns raised during AEM Farm's construction loan application, has complicated the Company's efforts to establish new banking relationships. Subsequent denials from other Tier 1 banks and traditional agricultural lenders have been due to compliance challenges related to the Company's Dutch operations.

In February 2025, AEM Farm has re-established banking operations with TD, another Tier 1 Canadian bank. Subsequently, the Company and its other subsidiaries were also able to re-establish their banking operations with another reputable financial institution in Canada.

Bitcoin Balance Sheet Strategy: Empowering a Decentralized Future

In July 2025, the Company announced its Bitcoin Strategy. Having navigated challenges with traditional banking, including being debanked by a Tier 1 bank, the Company has embraced Bitcoin as a store of value, complementing its current robust banking through modern online accounts. The Bitcoin Strategy boldly integrates Bitcoin into our financial strategy, allocating up to \$2 million to Bitcoin and related assets.

This move reflects the Company's dedication to empowering individuals through decentralized systems, resonating with the forward-thinking ethos of Psilocybin and crypto communities who champion deregulation and personal sovereignty. After facing debanking by a Tier 1 bank, the Company has turned to exploring Bitcoin as a decentralized solution to bolster financial resilience, a strategy that aligns with our current stable banking through modern online platforms. Key elements of the Bitcoin Strategy include strategic investments up to \$250,000 per tranche, including an initial tranche of approximately \$210,000 invested in a Bitcoin-related exchange-traded fund ("ETF") made on June 23, 2025 (see "Subsequent Events"). In connection with the Bitcoin Strategy, Mr. Melker has been engaged as our Senior Cryptocurrency Advisor, and will lead the Bitcoin Strategy, leveraging his market expertise to guide our strategic allocations.

FarmCare

Mr. Clement continues to lead the FarmCare initiative found at www.FarmCareHealth.com. To date, Mr. Clement and Mr. Shapiro, the Company's CEO, had arranged meetings with several prominent figures as follows:

- January 22, 2025, with the Hon. Rob Flack, MPP, then the Ontario Minister of Agriculture, Food and Agribusiness and MPP Elgin-Middlesex-London. General discussions were held regarding FarmCare's mission and how it could reduce Ontario healthcare costs while also supporting local farmers.
- April 3, 2025, with Dr. Erica Shelley, Executive Director Organic Council of Ontario. General discussions were held about FarmCare's mission and concept. Mr. Shapiro and Mr. Clement had subsequently discussed Dr. Shelley's suitability as a FarmCare advisory board member.
- May 7, 2025, with Ryan Puviraj, assistant to the new Ontario Minister of Agriculture, Food and Agribusiness, the Hon. Trevor Jones, MPP Chatham Kent-Leamington. General discussions were held regarding our overall mission and concept.

As Mr. Clement continues to drive forward the FarmCare initiative, several meetings are already scheduled for the near future, with more details to be announced.

UNITED STATES

Wisdom Truffle

The Wisdom project, led by Radix Motion, which was intended to be a set of smart home figurines designed by Karim Rashid utilizing ideas from the mycelium network, has paused the development of future models and focused on finding sales avenues for Wisdom Moon. With the Moon model design completed, the initial manufacturing run of the first 180 units has been produced and delivered to Canada and the Netherlands. An additional 320 units have also been completed through the manufacturer in China. The Company is in the process of shutting down Radix Motion while transitioning sales of the Wisdom Truffle on its official store website, www.HappyCaps.ca.

MISTERCAP'S

MISTERCAP'S mushroom home grow kits, featuring shiitake, Lion's Mane, and oyster mushrooms are sold both DTC and B2B. The Company is revisiting its Amazon strategy due to difficult vendor management distributions and profit margins. In addition to being selected by Urban Outfitters for retail distribution across their stores in the U.S. earlier this year, the Company continues to explore retail distribution channels.

In April 2024, the Company and MISTERCAP'S entered into the Amended Mistercap IP Agreement, pursuant to which the parties have 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'S IP Agreement to a term of five years; (ii) the Company paying MISTERCAP'S 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 April 17, 2024. Payment is now complete; (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.

With that being said, with the success of Happy Caps across North America, the Company remains more focused on growing Happy Caps, but we will continue to present MISTERCAP'S to retailers for potential new brand growth and optionality in Mushroom Home Grow Kits.

OVERALL PERFORMANCE

Selected Annual Financial Information

Selected financial information, prepared in accordance with IFRS[®] Accounting Standards, for the Company's three most recently completed fiscal years ended March 31 are summarized as follows:

	2025	2024	2023
	\$	\$	\$
Revenue	4,944,378	4,751,981	3,949,667
Gross profit	1,913,200	2,020,468	1,706,852
Gross margin %	38.7%	42.5%	43.2%
Operating expenses	(6,571,111)	(8,466,904)	(6,921,223)
Net loss attributable to shareholders of Red Light Holland Corp.	(4,042,202)	(7,627,280)	(5,398,167)
Net loss per share – basic and diluted	(0.01)	(0.02)	(0.01)
Cash and cash equivalents	12,272,787	14,172,324	18,486,644
Total assets	21,221,392	24,083,960	30,143,283
Total non-current liabilities	616,639	702,393	1,117,171
Dividend	Nil	Nil	Nil

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Selected Quarterly Financial Results

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
<i>\$ thousands, except per share amounts</i>	\$	\$	\$	\$
Revenue	849	1,168	1,368	1,559
Gross profit	322	415	552	624
Gross margin %	37.9%	35.5%	40.4%	40.1%
Total operating expenses	(1,327)	(1,448)	(1,495)	(2,301)
Loss before other items and taxes	(1,008)	(1,030)	(943)	(1,677)
Net Loss	(1,369)	(899)	(590)	(1,450)
Diluted loss per share	\$ (0.003)	\$ (0.002)	\$ (0.001)	\$ (0.004)

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
<i>\$ thousands, except per share amounts</i>	\$	\$	\$	\$
Revenue	1,276	1,291	983	1,202
Gross profit	506	546	445	523
Gross margin %	40.0%	42.3%	45.2%	43.5%
Total operating expenses	(2,299)	(1,943)	(1,681)	(2,544)
Loss before other items and taxes	(1,793)	(1,397)	(1,236)	(2,021)
Net Loss	(3,509)	(1,220)	(1,108)	(1,877)
Diluted loss per share	\$ (0.009)	\$ (0.003)	\$ (0.003)	\$ (0.005)

RESULTS OF OPERATIONS

Revenue and Gross Profit

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue	849,407	1,275,909	4,944,378	4,751,981
Cost of Sales	527,590	769,605	3,031,178	2,731,513
Gross profit	321,817	506,304	1,913,200	2,020,468
Gross profit as a % of sales	37.9%	40.0%	38.7%	42.5%

Revenue for the three months and the year ended March 31, 2025 (“**Q4 2025**” and “**Fiscal 2025**” respectively) totaled \$849,407 and \$4,944,378, respectively, (2024 – \$1,275,909 and \$4,751,981, respectively), which resulted in a quarter-to-quarter decrease of 33.4% compared to Q4 2024, and an annual increase of 4.0% for Fiscal 2025, over the comparative periods.

In Q4 2025, overall sales decreased as compared to Q4 2024, as wholesale product sales were down to \$487,814 (2024 – \$627,260). Wholesale mushroom sales and mushroom grow kit sales also decreased to \$148,122 and \$186,612, respectively, in Q4 2025 (2024 – \$301,572 and \$278,870, respectively).

For Fiscal 2025, our wholesale business through SR Wholesale continues to drive our overall sales despite the continued slowdown in tourism in the Netherlands. Total wholesale product sales were \$2,600,196 (2024 – \$2,302,610). We’ve also seen an increase in MiniChamp sales as production continued to grow, and as well as an increase in Happy Caps sales for a total of \$1,542,158 (2024 – \$1,178,943) related to sales channel penetration into the grocery market. However, these figures were offset by a reduction in wholesale mushroom sales which totaled \$574,290 (2024 – \$941,097), as the decrease was due to a poor harvesting cycle. While revenue growth for Fiscal 2025 was marginal, it is a reflection of management’s deliberate decision to discontinue unprofitable sales channels. For example, in Canada, management conducted a detailed profitability review by channel and customer to ensure all sales contributed to positive net income. The focus was on improving the bottom line rather than top-line growth.

Gross profit for Q4 2025 and Fiscal 2025 totaled \$321,817 and \$1,913,200, respectively, which resulted in decreases of 36.4% and 5.3%, respectively, over the comparative periods.

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Revenue by Business Segments

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Wholesale product sales	487,814	627,260	2,600,196	2,302,610
Wholesale mushroom sales	148,122	301,572	574,290	941,097
Mushroom grow kit sales	186,612	276,870	1,542,158	1,178,943
Retail sales	26,859	70,902	227,734	324,160
Others	-	(695)	-	5,171
	849,407	1,275,909	4,944,378	4,751,981

Revenue by Geographical Segments

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Netherlands	620,625	792,099	3,432,291	3,034,373
Canada	228,765	483,810	1,510,914	1,712,448
United States	17	-	1,173	5,160
	849,407	1,275,909	4,944,378	4,751,981

For Q4 2025 and Fiscal 2025, revenue derived from the operations in the Netherlands predominantly consisted of the Company's farms' production and sale of Psilocybin truffles; SR Wholesale's sale and distribution of products to "SmartShops" within the Netherlands; and the sale of kits from the MiniChamp mushroom home grow kit production facility. Revenue for the quarter also included sales from the Canadian operations of Happy Caps which produces and distributes grow at home mushroom kits for the North American market which had a significant increase in Amazon sales. Sales revenue at the AEM farm which produces and sells functional mushrooms within the North American wholesale market was down during the quarter.

General and Administrative Expenses

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Advertising and promotions	30,353	72,251	214,747	330,983
Amortization and depreciation	109,769	420,464	777,119	931,207
Consulting and management fees	143,209	176,982	705,046	797,124
Insurance	44,606	53,052	195,180	239,639
Investor and public relations	-	8,801	12,475	26,385
Legal, audit and other professional fees	312,670	386,458	1,167,972	879,270
Office and general	257,115	159,725	702,748	709,872
Payroll	343,855	530,016	1,496,208	2,015,159
Regulatory	13,536	13,813	98,459	63,559
Selling	52,308	202,345	315,697	749,399
	1,307,421	2,023,907	5,685,651	6,742,597

During Q4 2025 and Fiscal 2025, general and administrative ("G&A") expenses totaled \$1,307,421 and \$5,685,651, respectively (2024 – \$2,023,907 and \$6,742,597, respectively), for a significant decrease of \$716,486 and \$1,056,946 (or 35.42% and 15.7%), respectively, from the comparative periods. The decreases in G&A expenses were primarily due to reductions in advertising and promotion, consulting and management fees, office and general expenses, payroll and other selling expenses, as management has remained cautious in its cash management approach.

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Share-Based Payments

From time to time, the Company issues Common Shares as compensation, and it also grants Options and RSUs as part of its equity incentive plans.

On January 21, 2025, the Company issued 1,000,000 Common Shares to a consultant as compensation for services provided. It also granted 9,200,000 Options and 5,750,000 RSUs, respectively, to certain directors, officers and consultants. The Options are exercisable at a price of \$0.05 per share until January 21, 2030.

On March 18, 2025, the Company also granted 1,000,000 Options to a director, which are exercisable at a price of \$0.05 per share until March 18, 2030.

In Q4 2025, there was a recovery in share-based payments of \$136,039 (2024 – share-based payments of \$191,419) due to adjustments recorded during the year-end audit. For Fiscal 2025, share-based payments totaled \$576,306 (2024 – \$1,413,555), comprised of a fair value of \$97,682 on 1,957,853 Common Shares issued as compensation, and the value of Options and RSUs that vested during the period which totaled \$478,624. Share-based payments are non-cash expenses and dependent on valuations.

Research

The costs included in research relate to the product design associated with our product line of Wisdom Truffle smart home figurines and expenditures related to the Psilocybin microdosing capsules being developed at CCrest Laboratories.

Other Items

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Reversal of provision for sales taxes	-	-	163,249	-
Realized loss on sale of marketable securities	-	(1,242)	-	(1,242)
Unrealized (loss) gains in fair value of marketable securities	(244,308)	157,027	(244,308)	124,161
Realized gain on sale of PP&E	-	(5,382)	4,167	7,756
Impairment loss	(530,940)	(2,030,765)	(530,940)	(2,030,765)
Gain on decommission of leases	-	-	4,284	-
Gain on modification of leases	8,944	-	8,944	-
Change in fair value of derivative liability	222,641	-	222,641	38,405
Change in fair value of call option	-	-	-	(28,110)
(Loss) gain on modification of convertible debentures	(5,106)	-	108,509	-
Change in fair value of contingent consideration	-	38,077	-	38,077
Gain on shares-for-debt settlement	35,000	-	35,000	-
Contract termination cost	-	-	(9,959)	-
Foreign exchange loss	(116)	(5,263)	(7,016)	(6,010)
Interest income	72,047	131,247	488,325	531,180
	(441,838)	(1,716,299)	242,896	(1,326,548)

During Fiscal 2025, the Company received an HST refund amount in excess of \$750,000 which is related to certain prior fiscal years. Upon receipt of the amount, a provision for uncollectible sales taxes previously recorded was reversed, and reported as a reversal of provision for sales taxes of \$163,249 (2024 – \$Nil).

As at March 31, 2025, the Company continued to hold certain investment in Elevate Farms Inc. (“Elevate Farms”), a privately-owned vertical farm that grows farm fresh foods, and assessed the investment for indicators of impairment, based on both qualitative and quantitative information provided to the Company, and determined that the investment in Elevate Farms 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 a result, an unrealized loss of \$244,308 in the fair value of the investment was recorded. In 2024, the Company recorded

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an unrealized gain of \$124,161 on the fair value of other marketable securities, and also recorded a realized loss of \$1,242, upon disposal of other marketable securities for proceeds of \$10,544.

As at March 31, 2025, the Company assessed the goodwill recorded in connection with the acquisition of AEM from September 2021 and performed an annual goodwill impairment analysis on the AEM cash-generating unit (the “**AEM CGU**”). 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. As a result, the recoverable amount of the CGU was found to be lower than its carrying value, leading to the impairment of goodwill allocated to the AEM CGU, amounting to \$279,096.

Following the recognition of a goodwill impairment on the AEM CGU, the carrying amounts of the remaining tangible assets within the CGU were also reassessed. The recoverable amounts of these assets were determined primarily using the net assets method, and adjustments were made based on the best available market data and company-specific information. As a result of this analysis, management also recognized an impairment loss of \$251,844 on the remaining tangible assets of the CGU.

In the prior year, impairment loss of \$367,469 and \$656,352 was recorded on the Wellness World CGU and the MiniChamp CGU, respectively. A further impairment loss of \$1,006,944 was recorded on the Company’s intangible assets in 2024.

For Fiscal 2025, a gain of \$108,509 was recorded in relation to the modification and extension agreement on the convertible debentures offering that closed in April 2024. In connection with the modification of convertible debentures, a change in fair value of derivative liability for a gain of \$222,641 (2024 – \$38,405) was also recorded by the Company.

In April 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. As a result, a net contract termination cost of \$9,959 was recognized.

Interest income for Fiscal 2025 totaled \$488,325 (2024 – \$531,180) and reflects interest earned on surplus funds. As part of its cash management approach, the Company has invested excess cash in short term redeemable guaranteed investment certificates with Canadian banks and is earning interest income in line with current market yields.

Net Loss

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Loss before taxes	(1,450,665)	(3,509,131)	(4,415,015)	(7,772,985)
Recovery of income taxes	82,559	494	107,229	59,194
Net Loss	(1,368,106)	(3,508,637)	(4,307,786)	(7,713,791)
Net Loss attributable to:				
Shareholders of Red Light Holland Corp.	(1,200,262)	(3,490,907)	(4,042,202)	(7,627,281)
Non-controlling interest	(167,844)	(17,730)	(265,584)	(86,510)
Net Loss	(1,368,106)	(3,508,637)	(4,307,786)	(7,713,791)
Net Loss per Share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted-Average Number of Outstanding Shares	405,738,664	393,917,689	401,111,418	395,214,521

The net loss for Q4 2025 and Fiscal 2025, as compared to the comparative periods, has largely reduced due to the aforementioned decreases in G&A expenses and share-based payments, as well as the impact of certain non-recurring and non-operational results listed in “*Other Items*”. Net loss attributable to non-controlling interests is the results of operations, after tax, from AEM that are attributable to our minority partners.

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RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

The following table is a reconciliation of net loss calculated in accordance with IFRS® Accounting Standards to EBITDA and Adjusted EBITDA. It should be noted that these performance measures are not defined under IFRS® Accounting Standards and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS® Accounting Standards.

	Three Months ended March 31,		Years ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net loss for the period / year	(1,368,106)	(3,508,637)	(4,307,786)	(7,713,791)
Income taxes (recovery) expense	(82,559)	(494)	(107,229)	(59,194)
Amortization and depreciation	109,769	420,464	777,119	931,207
Interest and accretion	159,262	80,674	284,365	259,371
<i>EBITDA ⁽ⁱ⁾</i>	<i>(1,181,634)</i>	<i>(3,007,993)</i>	<i>(3,353,531)</i>	<i>(6,582,407)</i>
Adjusted for non-operating or unusual items:				
Share-based payments	136,039	191,419	576,306	1,413,555
Reversal of provision for sales taxes	-	-	(163,249)	-
Realized loss on sale of marketable securities	-	1,242	-	1,242
Unrealized loss (gains) in fair value of marketable securities	244,308	(157,028)	244,308	(124,161)
Realized loss (gain) on sale of PP&E	-	5,382	(4,167)	(7,756)
Impairment loss	530,940	2,030,765	530,940	2,030,765
Gain on decommission of leases	-	-	(4,284)	-
Gain on modification of leases	(8,944)	-	(8,944)	-
Change in fair value of derivative liability	(222,641)	-	(222,641)	(38,405)
Change in fair value of call option	-	-	-	28,110
Loss (gain) on modification of convertible debenture	5,106	-	(108,509)	-
Change in fair value of contingent consideration	-	(38,077)	-	(38,077)
Gain on shares-for-debt settlement	(35,000)	-	(35,000)	-
Contract termination fee	-	-	9,959	-
Foreign exchange (gains) loss	(116)	5,264	7,016	6,010
<i>Adjusted EBITDA ⁽ⁱⁱ⁾</i>	<i>(531,942)</i>	<i>(969,026)</i>	<i>(2,531,796)</i>	<i>(3,311,124)</i>

(i) EBITDA - is a non-IFRS financial measure

(ii) Adjusted EBITDA - is a non-IFRS financial measure

LIQUIDITY

We assess liquidity in terms of our ability to generate sufficient cash flow, along with other sources of liquidity including cash and the ability to borrow through leases to fund our operations and growth in operations. Below is a summary of the Company's cash flow 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)
Non-cash items and changes in working capital	2,825,084	4,485,657
Cash flows used in Operating Activities	(1,482,702)	(3,228,133)
Cash flows used in Investing Activities	(525,401)	(650,431)
Cash flows provided by (used in) Financing Activities	445,169	(206,948)

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Change 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

Cash used in operating activities decreased by \$1,745,431 to \$1,482,702 (2024 – \$3,228,133) over the prior year predominantly as a result of improved operational results, adjusted for non-cash items, more than offsetting further investments in working capital related predominantly to increases in inventories. Management also focused on improving operational efficiencies by reducing discretionary spendings in preserving cash.

Cash used in investing activities in Fiscal 2025 was \$525,401, as compared to cash used of \$650,431 in the prior year. The main use of cash was comprised of capital expenditures of \$525,401 related to roadwork and land preparation costs at the AEM site in Peterborough. These costs are classified as assets under construction. There were also some minor equipment purchases made during the year. In the prior year, proceeds from the sale of property, plant and equipment of \$32,838 were offset by capital expenditures of \$693,813.

Cash provided by financing activities in Fiscal 2025 was \$445,169 (2024 – cash used of \$206,948) comprised of the proceeds received from the AEM loan of \$200,000 and proceeds from a convertible debenture conversion of \$358,826. These were partially offset by payments of \$136,482 made for the various leases from Canada and the Netherlands. In the prior year, the Company made lease payments of \$220,133 and repurchased Common Shares of \$88,815 under the 2024 NCIB, which were partially offset from proceeds received on exercises of Options and warrants.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash and cash equivalents position as at March 31, 2025.

CAPITAL RESOURCES

The capital managed by the Company includes the components of shareholders' equity as described in the Annual Financial Statements. The Company is not subject to externally imposed capital requirements. The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital and the issuance of new debt.

The Company's ability to access both public and private capital is dependent upon, among other things, general market conditions and the capital markets generally, market perceptions about the Company and its business operations, and the trading prices of the Company's securities from time to time. When additional capital is required, the Company intends to raise funds through the issuance of equity or debt securities. Other possible sources include the exercise of Options and warrants of the Company. There can be no assurance that additional funds can be raised upon terms acceptable to the Company, or at all, as funding for early-stage companies remains challenging generally. Given the nature of the Company's business as of the date of this MD&A, and in particular, the fact that a significant portion of its operations are undertaken exclusively within a foreign jurisdiction, the Company may face difficulty in accessing traditional sources of financing, notwithstanding that its business operations are conducted in a regulatory environment within which the Company's activities are neither illegal nor subject to conflicting laws.

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.

**RED LIGHT HOLLAND CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

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 Fiscal 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).

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 can meet 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 liability	405,276	83,723	321,553	-
Convertible debentures	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 expected credit losses 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 is held in trust with the Company's legal counsel, from which management believes the risk of loss to be remote.

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 its 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.

**RED LIGHT HOLLAND CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

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
		Qualitative and quantitative information provided by Elevate Farms		Additional recent financing activity
Unlisted private equities	\$778,833		100%	

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.

RELATED PARTY TRANSACTIONS

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:

	Years ended March 31,	
	2025	2024
	\$	\$
Salaries	571,898	992,432
Consulting fees	483,865	399,802
Car allowances	19,200	13,200
Other	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:

- CEO: \$330,000 (2024 – \$492,088);
- Former CFO: \$55,916 (2024 – \$276,402);
- 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); and
- Other officers and directors: \$354,930 (2024 – \$399,802).

**RED LIGHT HOLLAND CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

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;
- On April 24, 2023, the Company also granted 13,550,000 Options to certain directors and officers valued at \$1,025,083; and
- On October 30, 2023, the Company granted 600,000 Options to certain directors and officers valued at \$25,225.

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;
- On January 21, 2025, the Company also granted 4,900,000 Options to certain directors and officers valued at \$172,276; and
- On March 18, 2025, the Company granted 1,000,000 Options to a director valued at \$26,214.

SHARE CAPITAL – OUTSTANDING COMMON SHARES

Changes in the number of issued and outstanding shares during the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,	
	2025	2024
	\$	\$
Balance, opening	393,785,080	387,892,187
Exercise of warrants	-	200,000
Exercise of Options	-	1,500,000
Exercise of RSUs	4,067,953	3,159,305
Common Shares issued for contingent considerations	-	1,543,208
Common Shares and warrants issued on conversion of debentures	4,041,666	952,380
Common Shares purchased through the 2024 NCIB	-	(1,462,000)
Common Shares issued on debt settlement	7,000,000	-
Shares-based payments	1,957,853	-
Balance, closing	410,852,552	393,785,080

The following are Common Shares capital information related to the Company as at March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	#	#
Common Shares issued and outstanding	410,852,552	393,785,080
Options outstanding	27,651,667	28,551,667
Common Share purchase warrants outstanding	14,875,000	48,704,031
RSUs outstanding	5,233,333	3,866,667
Fully diluted Common Shares outstanding	458,612,552	474,907,445

CRITICAL ACCOUNTING ESTIMATES AND CHANGES TO ACCOUNTING POLICIES

The preparation of the Company's consolidated financial statements in accordance with IFRS[®] Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses. These are consistent with those disclosed in Note 3(a) of the Annual Financial Statements, unless otherwise noted.

MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the Company on its consolidated financial statements are consistent with those disclosed in Notes 3(b) to (v) of the Annual Financial Statements, unless otherwise noted.

COMMITMENTS, PROVISIONS 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 the Company's 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.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any financial arrangements that are excluded from the Annual Financial Statements, nor are any such arrangements outstanding as of the date of this MD&A.

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 ETFs for \$209,847 as part of the announced Bitcoin Strategy.

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.

OUTSTANDING COMMON SHARE DATA AS OF DATE OF MD&A

Information with respect to the Company's outstanding Common Share capital information as of the date of the MD&A is as follows:

	#
Common Shares issued and outstanding	412,252,552
Options outstanding	25,685,000
Common Share purchase warrants outstanding	14,875,000
RSUs outstanding	7,166,666
Fully diluted Common Shares outstanding	459,979,218

NON-IFRS FINANCIAL MEASURES

Throughout this MD&A, references are made to non-IFRS[®] Accounting Standards financial measures, including operating expenses, EBITDA and Adjusted EBITDA. These measures do not have a standardized meaning prescribed by IFRS[®] Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-IFRS[®] Accounting Standards measures provide investors with a supplemental measure of the Company's

operating performance and therefore highlight trends in Company's core Business that may not otherwise be apparent when relying solely on IFRS[®] Accounting Standards measures. Management uses non- IFRS[®] Accounting Standards measures in measuring the financial performance of the Company.

RISK FACTORS

Due to the nature of the Company's business, its limited operating history, and its stage of development, an investment in the securities of the Company is highly speculative and involves significant risks and uncertainties. As the Company continues to develop its business, the Company will face numerous challenges, and additional risks and uncertainties not presently known to the Company, or which the Company believes to be immaterial. In the event that such risks and uncertainties materialize, the Company's business, financial condition, and results of operations could be materially adversely affected, and shareholders of the Company could lose all or part of their investment in the Company. Such risks and uncertainties could also cause actual events to differ materially from those described in the FLS relating to the Company described in this MD&A and in certain documents incorporated by reference into this MD&A.

The following section summarizes certain of the risks and uncertainties relating to the business of the Company as of the date of this MD&A. The summary of such risks and uncertainties is not intended to be exhaustive, and such risks are in addition to the usual risks associated with investment in a business. Investors should carefully consider the following risks and uncertainties.

Introduction of, or Changes in, Laws, Regulations and Guidelines

Although the cultivation, production and distribution of fresh, unprocessed truffles within the Netherlands is not, as of the date of this MD&A, subject to regulation as, for example, the cannabis industries in Canada and the U.S., the Company's operations in the Netherlands remain subject to compliance with the Opium Act (the Netherlands), as well as other laws, regulations, and guidelines in effect from time to time enacted by applicable governmental authorities and financial institutions. Although the Company is, to its knowledge, in compliance with all applicable laws and regulations (and intends to continue to comply), there can be no guarantee that new laws, regulations, and guidelines will not be enacted, or that existing or future laws and regulations will not be changed. Any introduction of new (or changes to existing) laws, regulations, and guidelines, or other unanticipated events could require extensive changes to the Company's operations, increase compliance costs, and give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

No Assurance of Commercial Success or Profitability

The successful commercialization of the Company's product offering including grow at home mushroom kits, functional mushrooms and its brand of truffles sold in the Netherlands will depend on many factors, including: (i) the Company's ability to establish and maintain new and existing working partnerships with industry partners in order to source, distribute, and market its product offerings, (ii) the Company's ability to supply a sufficient amount of its product offerings to meet market demand, and (iii) the number of competitors from time to time competing with the Company. As the Company continues to grow and expand its operations, there is a risk that the markets in which it operates may become increasingly competitive in all its phases, and in particular as a result of the possibility that new entrants could attempt to mirror the Company's business model and establish operations. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist the Company in developing and implementing, a commercialization strategy for the Company's product offerings. Further, there can be no assurance that consumer demand for the Company's product offerings will be as anticipated, or that the Company will become profitable.

Limited Operating History in Truffles Industry

The Company began operations in the Netherlands in fiscal 2020 and has a limited operating history within the truffles industry. As such, the Company will be subject to all of the business risks and uncertainties associated with any early staged enterprise, including the risks that it will be unable to: (i) successfully cultivate, produce, distribute truffles, (ii) establish a market for its products, (iii) achieve its growth objectives and targets, and/or (iv) successfully assess and meet consumer demand and become profitable. The Company's future growth will depend substantially on its ability to address these, and the other risks described in this section of this MD&A, and any failure to successfully address such risks could have a material adverse effect on the business, financial condition and operating results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the truffles industry in the Netherlands. A failure in the demand for the Company's brand of truffles and future product offerings to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, financial condition and operating results of the Company.

Unfavorable Publicity or Consumer Perception

The Company's success within the truffles industry may be significantly influenced by consumer perception of truffles generally, or the Company's brand of truffles and future products, any of which can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of truffles and products produced or manufactured using truffles. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the truffles industry or any particular product offering of the Company, or consistent with earlier publicity. Any adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the business, financial condition, ability to finance and the operating results of the Company.

Reliance on Key Personnel

The Company's success has depended, and will continue to depend, on the efforts and talents of its executives and employees, including its CEO, and its ability to attract, develop, motivate and retain highly qualified and skilled employees, staff and consultants. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all. The loss of any such key persons or the inability to find and retain new key persons could have a material adverse effect on the business, financial condition and operating results of the Company.

Liability, Enforcement Complaints, etc.

As a company engaged in the truffles industry within the Netherlands, the Company and/or its subsidiaries may from time to time become subject to litigation, formal or informal complaints, enforcement actions, and inquiries, including by one or more federal or local governmental authorities in the Netherlands. Any such litigation, complaints, and/or enforcement actions involving the Company and/or its subsidiaries could consume a considerable amount of financial and other corporate resources and the time of the Company's management and could have a material adverse effect on the business, financial condition and operating results of the Company.

Reliance on Operations in Foreign Jurisdictions

As of the date of this MD&A, the Company's Psilocybin truffle operations are conducted primarily within the Netherlands. As such, the Company's Psilocybin truffle operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include but are not limited to: (i) renegotiation, nullification, termination or rescission of concessions, licenses, permits and contracts, from time-to-time, held by the Company or to which the Company a party, (ii) changing political conditions, (iii) currency exchange rate fluctuations, (iv) taxation policies, and (v) changing government policies and legislation. The Company's operations within the Netherlands may also be affected in varying degrees by changes to laws, regulations, access to banking and financial institutions, and guidelines applicable to foreign entities with respect to, but not limited to, the production of truffles, price controls, currency remittance, income taxes (including VAT), foreign investment, environmental legislation, and use of real property. Any change in such or similar laws, regulations, and guidelines, or shifts in political attitude, could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company cannot accurately predict the full impact of any such occurrence on the Company's operations and profitability. Finally, the Company may be subject to the exclusive jurisdiction of courts of the Netherlands in the event of any dispute arising from the Company's operations in the Netherlands.

Product Liability

As a cultivator, producer and distributor of products intended to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory actions and litigation if the Company's product offerings are

alleged to have caused loss or injury. In addition, the sale of the Company's product offerings involves the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of the Company's truffles alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including that the Company's product offerings caused death, injury, illness, or other loss. A product liability claim or regulatory action against the Company could result in increased costs, adversely affect the Company's reputation with consumers, and could have a material adverse effect on the business, financial condition and operating results of the Company.

Product Viability of Truffles

In general, truffles have minimal long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry or other supplements or medications. As a result, the Company's brand of truffles could have certain side effects if not used as directed or if taken by an end user that has certain known or unknown medical conditions. If the Company's brand of truffles and future product offerings are not perceived to have the effects intended by the end user, the Company's business and its reputation may suffer, any of which could have a material adverse effect on the business, financial condition and operating results of the Company.

Product Recalls

The Company's brand of truffles, functional mushrooms, grow at home mushroom kits and future product offerings may be subject to the recall or return for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's product offerings are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant number of sales transactions and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention and otherwise distract from day-to-day operations. As such, any product recall could have a material adverse effect on the business, financial condition and operating results of the Company.

Competitive Conditions

The Netherlands is an ideal location to establish and operate a vertically integrated truffles company, primarily due to its favorable regulatory regime, and access to a strong and established consumer base for the sale of truffles. The truffles industry within the Netherlands is an established industry that is highly competitive. The market for access to truffles in the Netherlands has created a competitive environment for truffles producers as well as for SmartShop operators. The Company faces direct competition to attract and retain end-users and competes with other industry participants that may have greater financial resources and longer operating histories. The chief competitors of the Company's product offerings are expected to be existing producers as well as SmartShop operators. Although reliable data is limited, the Company believes that, as of the date of this MD&A, there are at least two major producers of truffles within the Netherlands, and more than 100 SmartShop operators that offer truffles for sale. To remain competitive, the Company will require a continued high level of investment in acquisitions and investments, research and development, and marketing. The Company may not have sufficient resources to maintain such activities on a competitive basis, which could have a material adverse effect on the business, financial condition and operating results of the Company.

Liquidity and Future Financing

Despite having operational farms in New Brunswick, Canada and Horst, The Netherlands, the Company has several product lines in their respective early stages of development and has not yet generated positive cashflow and will likely operate at a loss until such time as its business becomes established. Although the Company has, as of the date of this MD&A, sufficient capital to fund its ongoing business development and future growth and expansion plans for the foreseeable future, the Company may in the future require additional financing in order to fund such purposes. Furthermore, financial institutions may limit or avoid relationships, financing and the ability to transact to send or receive funds from entities that produce and/or sell Psilocybin and psychedelic products due to their classification as narcotic substances. This may affect the Company's ability to transact business in the future. The Company's ability to secure any such required financing will depend, in part, upon investor perception of the Company's ability to build and maintain a successful business, as well as other factors beyond the Company's control. There can be no assurance that the Company will be able to successfully obtain additional financing, or that future financing will occur on terms satisfactory to the Company and/or its shareholders. If adequate funds are not available to the Company, or are not available on

acceptable terms, the Company may be required to scale back its business plan or cease operating. Future financing conducted by issuing securities of the Company may result in shareholders suffering additional dilution.

Dependence on Third Parties

The Company has established relationships with various industry partners in the truffles industry in order to begin operations, develop its brand and product recognition, and generate revenue within the Netherlands. As of the date of this MD&A, the Company produces its brand of truffles and operates SR Wholesale as the primary sales channel of Psilocybin product distribution and it now also operates two "SmartShop" locations within the Netherlands. Furthermore, it has established working relationships with industry partners in the truffles industry within the Netherlands, and to date, the Company's relationships have been a significant contributor to its ability to introduce its brand of truffles within the Netherlands. In particular, as of the date of this MD&A, the Company's brand of truffles is sold within retail establishments operated by industry partners which may be considered competitors of the Company within the truffles industry in the Netherlands, with certain of such industry partners having both their own dedicated "SmartShops" and cultivation and production facilities. In the event that one or more of the Company's industry partners were to cease distributing the Company's brand of truffles through their own dedicated "SmartShops", any such occurrence could have an adverse effect on the business, financial condition and operating results of the Company.

There can be no assurance that the Company will be able to sustain its existing relationships with industry partners or establish and maintain new relationships with industry partners necessary to meet its ongoing business needs. Further, there can be no assurance that industry partners with which the Company has established relationships will continue to meet the Company's business needs from time to time, on a timely basis, or at all.

From time to time, the Company may enter into strategic alliances with third parties that the Company believes will complement or augment its business or will have a beneficial impact on the Company. Strategic alliances with third parties could present unforeseen integration obstacles or costs, may not enhance the Company's business, and may involve risks that could adversely affect the Company, including the risk that significant amounts of management's time may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the Company incurring additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company's existing strategic alliances will continue to achieve, the expected benefits to its business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the business, financial condition and operating results of the Company.

Reliance on Informal Arrangements in the Truffle Market

As of the date of this MD&A, the Company has not entered into any binding written agreements with any of its existing industry partners. Instead, the Company's present business relationships with its current industry partners are based on informal arrangements of a nature customarily entered into by participants in the truffles industry within the Netherlands. As a result, in contrast to companies operating in other industries which may have written agreements with their respective industry partners, the Company is subject to the increased and unique risk that its existing arrangements with its industry partners may be terminated. Any such termination could have an adverse effect on the business, financial condition and operating results of the Company.

Cash Flow from Operations

To the extent that the Company has negative cash flow in any future period, certain of the net proceeds from future offerings may be used to fund such negative cash flow from operating activities. If the Company experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to the Company. In addition, the Company expects to achieve positive cash flow from operating activities in future periods. However, this is based on certain assumptions and subject to significant risks.

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted and enforced by governmental entities and obtaining and maintaining all required regulatory approvals. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and

permitting, license or approval requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Company cannot predict the timeline required to secure all appropriate regulatory approvals or licenses for its businesses or the extent of testing and documentation that may be required by governmental entities. Any delays in obtaining, or failing to obtain, required regulatory approvals or licenses may significantly delay or impact the R&D activities and could have a material adverse effect on the business, financial condition and operating results of the Company. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

The impact of the various legislative regimes on the Company's business plans and operations is uncertain. There is no guarantee that the applicable legislation regulating its business activities will create or allow for the growth opportunities the Company currently anticipates.

Due to the nature of the Company's operations, various legal and tax matters may be outstanding from time to time. If the Company is unable to resolve any of these matters favorably, it could have a material adverse effect on the business, financial condition and operating results of the Company.

Public Company Consequences

The Company's status as a reporting issuer may increase price volatility due to various factors, including the ability to buy or sell its Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the Common Shares. The increased price volatility could have a material adverse effect on the business, financial condition and operating results of the Company.

Fraudulent or Illegal Activity

The Company is exposed to the risk that its employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on the Company's behalf or in their services that violate (a) various applicable laws, including healthcare laws, (b) applicable laws that require the true, complete and accurate reporting of financial information or data, or (c) the terms of the Company's agreements with third parties. Such misconduct could expose the Company to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

The Company cannot always identify and prevent misconduct by its employees and other third parties, including third party service providers, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or protecting it from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of its operations.

General Economic Risks

The operations of the Company could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the sales and profitability of the Company. Investors should further consider, among other factors, the prospects for success of the Company, in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. The Company may not be able to effectively or successfully address such risks and uncertainties or successfully implement operating strategies to mitigate the impact of such risks and uncertainties. In the event that the Company fails to do so, such failure could have a material adverse effect on the business, financial condition and operating results of the Company.

Loss of Entire Investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

There can be no assurance regarding the amount of income that can be generated by the Company. Common Shares are equity securities of the Company and are not fixed income securities. Unlike fixed income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or any amount at all, or to return the initial purchase price of the Common Shares on any date in the future. The market value of the Common Shares may deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant.

Management of Growth

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Conflicts of Interest

Certain of the Company's directors and officers may be involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict-of-interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management, including the CEO and the CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of March 31, 2025, the CEO and the CFO have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS[®] Accounting Standards. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS[®] Accounting Standards.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS® Accounting Standards and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of March 31, 2025, the CEO and the CFO have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatement. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains FLS within the meaning of applicable securities legislation which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, events, expectations, performance or achievements expressed or implied by such FLS. All statements, other than statements of historical fact, included herein may be FLS. FLS typically contains words or phrases such as "may", "outlook", "objective", "intend", "estimate", "anticipate", "should", "could", "would", "will", "expect", "believe", "plan", "predict" and other similar terminology suggesting future outcomes or events. FLS involves numerous assumptions and should not be read as guarantees of future performance or results. Such statements will not necessarily be accurate indications of whether or not such future performance or results will be achieved. Readers of this MD&A should not unduly rely on FLS as a number of factors, many of which are beyond the control of the Company, could cause actual performance or results to differ materially from the performance or results discussed in the FLS.

FLS included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's performance, business objectives and milestones and the anticipated timing and effects of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation, proposed acquisitions, development, team, staffing, vision, supply, production and promotion of its various brands and associated products);
- the Company's future growth prospects and intentions to pursue one or more viable business opportunities in Canada, the U.S., or E.U.;
- the Company retaining and supplementing its Board and management, or otherwise, engaging consultants and advisors having knowledge of the industries (or segments thereof) within which the Company may from time to time participate;
- the Company's proposed plans to execute on its business plans and obtain, maintain, and renew or extend, applicable licenses and authorizations, including the timing and impact of the receipt thereof;
- the development of the Company's Business, brands and future activities following the date of this MD&A;
- expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;
- expectations with respect to economic, business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's strategic investments and capital expenditures, and related benefits;
- the Company's plans for growing its retail presence;
- the Company's plans to harvest, package, distribute, expand and increase sales of its products, leading to increased revenue and brand exposure;
- the market for the Company's current and proposed product offerings, as well as its ability to market and brand its products, the proposed mediums of distribution, and the timelines thereof;
- the Company's expectations involving its partnerships (including, without limitation, product testing, product

development, studies of Psilocybin, import licenses and the testing and development of the Company's microdosing capsules);

- the Company's plans for developing intellectual property, conducting scientific studies and scaling up its commercialization of its current and future product offerings;
- the Company expanding and increasing its production facilities, manufacturing capabilities, distribution network and partnerships;
- the Company creating and executing on its production, manufacturing and distribution plans in applicable jurisdictions in accordance with applicable laws and regulations, if and when regulations permit;
- the anticipated benefits and terms of the Company's partnerships with various third parties;
- the Company building innovative technology and increasing scientific data around microdosing and its intended benefits to the Company and its customers;
- the Company's intention to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures;
- the Company providing future information on its brands and product launches;
- the realization of cost savings, synergies or benefits from the Company's recent and proposed acquisitions, and the Company's ability to successfully integrate the operations of any business acquired within the Business;
- the Company's plans to generate cash flow from operations and from financing activities;
- the Company's plans to develop AEM Ontario on the Peterborough Farm under the anticipated timelines and budgets and the anticipated benefits to the Company, its partners, and clients;
- the Company hitting its forecasted revenue and sales projections for its current fiscal year and beyond;
- the stated terms and goals with respect to the Company's engagement of consultants and advisors;
- the Company increasing the shelf life of its products;
- the Company's ability to achieve profitability in 2025;
- Happy Caps products being available in additional retail stores across Canada;
- the continued listing of the Common Shares on the CSE, FSE and OTCQB;
- expectations surrounding the Company's mushroom production and distribution channels driving and increasing sales for the Company;
- expectations surrounding the Company's FarmCare initiative;
- expectations that the Company, through the 2024 NCIB, can use its excess cash reserves to strategically return value to shareholders;
- Irvine Labs manufacturing the Company's microdosing capsules and obtaining all necessary authorizations and permits in accordance with applicable laws and regulations;
- Irvine Labs will increase the potential of commercialization and sales to emerging legal markets, government funded pilot programs and clinical trials worldwide; and
- The Company's future investment in cryptocurrencies.

FLS included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- current and future members of the Company's management abiding by the Business objectives and strategies from time to time established by the Company;
- the Company's ability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities;
- the Company having the ability to retain and supplement its Board and management, or otherwise, engaging consultants and advisors having knowledge of the industries (or segments thereof) within which the Company may from time to time participate;
- the Company having sufficient working capital and having the ability to obtain the financing required to develop and continue its Business and operations;
- the Company's ability to execute on its Business plan and obtain, maintain, and renew or extend, applicable licenses and authorizations, including the timing and impact of the receipt thereof;
- the Company continuing to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be;
- no adverse changes will be made in the jurisdictions in which the Company conducts Business and any other jurisdiction in which the Company may conduct Business in the future;
- the Company's ability to carry out its Business and future activities following the date of this MD&A;
- the Company's ability to make accurate forecasts with respect to its expectations relating to market size and

anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;

- the Company's ability to make accurate forecasts with respect to its expectations on economic, business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's ability to build innovative technologies;
- general, economic, financial, market, regulatory and political conditions will not negatively affect the Company or its Business;
- the continuous demand for the Company's current and future product offerings;
- the Company effectively managing anticipated and unanticipated costs;
- the Company executing on its Business strategy as anticipated;
- the Company generating cash flow from operations, including, where applicable, through the distribution and sale of its current and future products;
- the Company conducting its operations in a safe, efficient and effective manner;
- the Company's ability to grow its retail presence;
- the Company initiating the development, production, distribution, promotion and sale of its products within the timelines provided herein;
- continued approval of the Company's activities by the relevant governmental and/or regulatory authorities;
- product testing yielding favorable results;
- the Company expanding its production and distribution network and entering into and maintaining pertinent partnerships;
- the Company will capitalize on its partnerships with various third parties;
- the Company will find viable opportunities to expand its Business to new jurisdictions;
- the Company will launch, manufacture, distribute and sell its products on the terms and timelines outlined herein;
- the Company will develop AEM Ontario on the Peterborough Farm under the anticipated timelines and budgets and it will have the anticipated benefits to the Company, its partners, and clients;
- the Company will hit its forecasted revenue and sales projections for its current fiscal year and beyond;
- the Company will increase the shelf life of its products;
- the Company will achieve profitability in 2025;
- Happy Caps products will be available in additional retail stores across Canada;
- the Common Shares will continue to be listed on the CSE, FSE and OTCQB;
- the Company's mushroom production and distribution channels will drive and increase sales for the Company;
- the Company's FarmCare initiative will have its intended benefit on the Company;
- The Company, through the 2024 NCIB, will use its excess cash reserves to strategically return value to shareholders;
- Irvine Labs will manufacture the Company's microdosing capsules and obtain all necessary authorizations and permits in accordance with applicable laws and regulations;
- Irvine Labs will increase the potential of commercialization and sales to emerging legal markets, government funded pilot programs and clinical trials worldwide; and
- The Company will make future investment in cryptocurrencies.

Further, readers are cautioned that FLS involve known and unknown risks, uncertainties and other factors (many of which are beyond the Company's ability to predict or control) that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, the Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, which should not be considered exhaustive:

- the Company's inability to attract and retain qualified members of management to grow the Business and/or its operations;
- unanticipated changes in general economic, Business and market conditions or in applicable laws;
- the Company's inability to capitalize on future growth prospects and/or pursue one or more viable Business opportunities;
- the Company's inability to execute on its Business plan and/or obtain, maintain, renew and/or extend, applicable licenses and/or authorizations;
- the impact of the publications of inaccurate or unfavorable research by securities analysts or other third parties;
- the Company's inability to carry out its Business and future activities following the date of this MD&A;

- the Company's inability to make accurate forecasts relating to market size and/or anticipated growth in the jurisdictions within which the Company may from time to time operate and/or contemplate future operations;
- the Company's inability to make accurate forecasts with respect to its expectations on economic, Business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's inability to build innovative technologies;
- the Company's inability to execute objectives, including expanding its production and distribution networks and entering into and/or maintaining requisite partnerships within the timelines outlined herein or at all;
- the Company's failure to complete future acquisitions and/or enter into strategic business relationships;
- unanticipated changes in the industries, regulations and jurisdictions within which the Company may from time to time conduct its Business and operations, including the Company's inability to respond or adapt to such changes;
- the Company's inability to secure or maintain favorable lease arrangements or the required authorizations necessary to conduct the Business and operations and meet its targets;
- the Company's inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Company;
- the Company will be unable to grow its retail presence;
- fluctuation in foreign exchange and/or interest rates;
- the Company's inability to meet its performance, Business objectives and/or milestones and/or realize the effects thereof;
- the Company's inability to produce and distribute its product offerings and/or capture market share;
- liabilities inherent in the operations of the Company as a participant in the mushroom industry;
- the Company's inability to develop its Business, brands and/or future activities following the date of this MD&A;
- the Company's inability to carry out its plans to develop AEM Ontario on the Peterborough Farm and/or realize the anticipated benefits;
- the Company's inability to devote resources to the protection of its intellectual property rights;
- the Company's inability to launch, manufacture, distribute and/or sell all its products on viable terms;
- the Company inability to hit its forecasted revenue and/or sales projections for its current fiscal year and beyond;
- the Company inability to increase the shelf life of its products;
- the Company inability to achieve profitability in 2025;
- Happy Caps products will not be available in additional retail stores across Canada;
- the Common Shares will be delisted from the CSE, FSE and/or OTCQB;
- the Company's mushroom production and distribution channels will be unable to drive and/or increase sales for the Company;
- the Company's FarmCare initiative will not have its intended benefit on the Company;
- The Company will be unable to use its excess cash reserves to strategically return value to shareholders;
- Irvine Labs will be unable to manufacture the Company's microdosing capsules and/or obtain all necessary authorizations and/or permits in accordance with applicable laws and regulations;
- Irvine Labs will be unable to increase the potential of commercialization and/or sales to emerging legal markets, government funded pilot programs and/or clinical trials worldwide; and
- The Company will not make future investment in cryptocurrencies.

Readers are cautioned that the foregoing lists of factors are not exhaustive. These FLS speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this MD&A and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

The FLS contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The actual results could differ materially from those anticipated in these FLS as a result of the risk factors set forth below and elsewhere in this MD&A. As such, FLS included in this MD&A and in the documents incorporated by reference into this MD&A should not be unduly relied upon.

CAUTIONARY NOTE REGARDING FUTURE ORIENTED FINANCIAL INFORMATION

This MD&A and the documents incorporated by reference herein may contain future oriented financial information (“FOFI”) within the meaning of Canadian securities legislation, about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, which FOFI is not presented in the format of a historical balance sheet, income statement or cash flow statement. The FOFI has been prepared by management to provide an outlook of the Company’s activities and results and has been prepared based on a number of assumptions including the assumptions discussed under the heading above entitled “*Caution Regarding Forward Looking Information And Cautionary Statements*” and assumptions with respect to the costs and expenditures to be incurred by the Company, capital expenditures and operating costs, taxation rates for the Company and general and administrative expenses. Management does not have, or may not have had at the relevant date, firm commitments for all of the costs, expenditures, prices or other financial assumptions which may have been used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not, or may not have been at the relevant date of the FOFI, objectively determinable.

Importantly, the FOFI contained in this MD&A and the documents incorporated by reference herein, are, or may be, based upon certain additional assumptions that management believes to be reasonable based on the information currently available to management, including, but not limited to, assumptions about: the future pricing for the Company’s products; the future market demand and trends within the jurisdictions in which the Company may from time to time conduct the Company’s business; the AEM Farm generating approximately \$24,000 and \$30,000 of revenue per week; the good working order of all equipment used for the production and distribution the Company’s products; the growth process presently employed by the AEM Farm being adequate to support the anticipated yield of mushrooms; the hiring of the necessary amount of employees who cultivate, harvest, package and deliver to market the mushrooms on a timely basis are able to continue to do so; the current wholesale market for shiitake mushrooms and other exotic mushrooms will be able to absorb the additional production; the forecasted sales and projected revenue streams of AEM Ontario on the Peterborough Farm; the Company’s continued mushroom sales of current products and anticipated growth in current and future mushroom products in Ontario and North America; and the Company’s ability to maintain its AEM Farms’ banking activities with a Tier 1 Bank

The FOFI or financial outlook contained in this MD&A do not purport to present the Company’s financial condition in accordance with IFRS® Accounting Standards as issued by the IASB, and there can be no assurance that the assumptions made in preparing the FOFI will prove accurate. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in the analysis presented in any such document, and such variation may be material (including due to the occurrence of unforeseen events occurring subsequent to the preparation of the FOFI). The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgments as at the applicable date. However, because this information is highly subjective and subject to numerous risks including the risks discussed under the heading above entitled “*Cautionary Note Regarding Forward-Looking Statements*” and under the heading “Risk Factors” in the Company’s public disclosures, FOFI or financial outlook within this in this MD&A should not be relied on as necessarily indicative of future results.

Readers are cautioned not to place undue reliance on the FOFI, or financial outlook contained in this MD&A. Except as required by Canadian securities laws, the Company does not intend, and does not assume any obligation, to update such FOFI.