RED LIGHT HOLLAND

RED LIGHT HOLLAND CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Red Light Holland Corp. (the "Company") have been prepared by, and are the responsibility of, the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under IFRS® Accounting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	December 31, 2025	March 31, 2025
	$	$
Assets		
Current Assets		
Cash and cash equivalents	**9,237,626**	12,272,787
Restricted cash (Note 9)	**-**	565,378
Accounts receivable (Note 18)	**814,264**	404,030
Sales tax receivable	**-**	326
Income tax recoverable	**989**	-
Marketable securities (Note 4)	**644,317**	-
Prepaid expenses and deposits	**397,079**	493,699
Inventories (Note 5)	**943,412**	1,000,785
Assets held for sale (Note 6)	**2,255,251**	-
Total Current Assets	**14,292,938**	14,737,005
Non-Current Assets		
Marketable securities (Note 4)	**666,267**	778,833
Property, plant and equipment (Note 7)	**2,966,315**	5,307,295
Intangible assets (Note 8)	**-**	22,074
Right-of-use asset (Note 10)	**274,432**	376,185
Total Non-Current Assets	**3,907,014**	6,484,387
Total Assets	**18,199,952**	21,221,392
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 18 and 19)	**1,765,205**	1,366,667
Convertible debentures (Note 9)	**-**	650,000
Lease liabilities (Note 11)	**61,505**	83,723
Loans and advances (Note 12)	**1,309,334**	1,127,884
Income tax payable	**-**	26,892
Total Current Liabilities	**3,136,044**	3,255,166
Non-Current Liabilities		
Lease liabilities (Note 11)	**240,158**	321,553
Deferred tax liability	**207,195**	295,086
Total Non-Current Liabilities	**447,353**	616,639
Total Liabilities	**3,583,397**	3,871,805
Shareholders' Equity		
Share capital (Note 14(a))	**43,875,312**	43,341,953
Shares to be issued	**17,002**	17,002
Warrants (Note 14(d))	**11,017,314**	11,017,314
Contributed surplus (Notes 14(b) and (c))	**5,452,106**	5,124,529
Non-controlling interest (Note 13)	**(75,613)**	(2,793)
Accumulated other comprehensive income	**104,106**	51,255
Accumulated deficit	**(45,773,672)**	(42,199,673)
Total Shareholders' Equity	**14,616,555**	17,349,587
Total Liabilities and Shareholders' Equity	**18,199,952**	21,221,392

Nature of operations (Note 1)
Provisions, commitments and contingencies (Note 17)
Subsequent events (Note 24)

Approved on behalf of the Board of Directors:

"Brad Lamb"
Chairman & Director

"Todd Shapiro"
CEO & Director

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

Red Light Holland Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive loss (Unaudited)
(Expressed in Canadian Dollars)
For the Three and Nine Months ended December 31, 2025 and 2024

	Three Months ended December 31,		Nine Months ended December 31,	
	2025	2024	**2025**	2024
	$	$	**$**	$
Revenue (Note 15)	**1,264,798**	1,168,453	**3,320,047**	4,094,971
Cost of Sales (Note 5)	**906,878**	753,674	**2,187,622**	2,503,588
Gross Profit	**357,920**	414,779	**1,132,425**	1,591,383
Operating Expenses				
General and administrative (Notes 19 and 20)	**1,198,591**	1,423,444	**3,686,663**	4,378,230
Share-based payments (Notes 14(a),(b) & (c) and 19)	**348,620**	(21,560)	**771,987**	515,027
Interest expense	**12,701**	42,985	**46,972**	125,103
Research	**8,166**	(123)	**11,033**	24,789
	1,568,078	1,444,746	**4,516,655**	5,043,149
Loss Before Other Items and Taxes	**(1,210,158)**	(1,029,967)	**(3,384,230)**	(3,451,766)
Other Items				
Reversal of provision of sales taxes	**-**	-	**-**	163,249
Unrealized loss in fair value of marketable securities (Note 4)	**(172,739)**	-	**(454,370)**	-
Realized (loss) gain on sale of property, plant and equipment	**(2,082)**	4,167	**(2,901)**	4,167
Gain on decommission of leases	**-**	4,284	**-**	4,284
Gain on modification of convertible debentures	**-**	-	**-**	113,615
Contract termination cost (Note 18)	**-**	-	**-**	(9,959)
Loss on shares-for-debt settlement (Note 14(a))	**(84,602)**	-	**(84,602)**	-
Loss on disposal of subsidiary	**(21,760)**	-	**(21,760)**	-
Foreign exchange (loss) gain	**(809)**	2,104	**(3,169)**	(6,900)
Interest income	**52,317**	99,875	**212,922**	416,278
Net Loss Before Taxes	**(1,439,833)**	(919,537)	**(3,738,110)**	(2,767,032)
Income tax recovery (Note 21)	**28,605**	20,690	**91,291**	24,670
Net Loss	**(1,411,228)**	(898,847)	**(3,646,819)**	(2,742,362)
Net Loss Attributable to:				
Shareholders of Red Light Holland Corp.	**(1,378,899)**	(852,470)	**(3,573,999)**	(2,644,622)
Non-controlling Interest (Note 13)	**(32,329)**	(46,377)	**(72,820)**	(97,740)
Net Loss	**(1,411,228)**	(898,847)	**(3,646,819)**	(2,742,362)
Foreign currency translation	**(22,018)**	556	**52,851**	(31,898)
Comprehensive Loss	**(1,433,246)**	(898,291)	**(3,593,968)**	(2,774,260)
Net Loss per Share – Basic and Diluted	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted Average Number of Outstanding Shares - Basic and Diluted	**417,591,429**	400,935,887	**413,911,376**	399,540,364

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

Red Light Holland Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian Dollars)
For the Nine Months ended December 31, 2025 and 2024

	Common Shares	Common Shares	Shares to be Issued	Equity Portion of Convertible Debenture	Warrants	Contributed Surplus	Non-controlling Interest	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Shareholders' Equity
	#	$	$	$	$	$	$	$	$	$
Balance, March 31, 2024	**393,785,080**	**42,439,190**	**32,694**	**113,614**	**10,697,260**	**4,927,822**	**192,107**	**17,086**	**(38,157,471)**	**20,262,302**
Shares issued on exercise of RSUs (Note 14(c))	2,151,288	21,359	(21,359)	-	-	-	-	-	-	-
Shares to be issued on vested RSUs	-	190,000	5,667	-	-	(195,667)	-	-	-	-
Shares issued on conversion of convertible debentures (Note 9)	1,666,666	100,000	-	-	-	-	-	-	-	100,000
Shares and warrants issued in connection with convertible debentures (Note 9)	2,375,000	92,472	-	33,913	320,054	-	-	-	-	446,439
Share-based payments (Notes 14(a),(b) & (c))	957,853	52,682	-	-	-	462,345	-	-	-	515,027
Acquisition of non-controlling interest (Note 13)	-	-	-	-	-	-	70,684	-	-	70,684
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	(31,898)	-	(31,898)
Net loss and comprehensive loss	-	-	-	-	-	-	(97,740)	-	(2,644,622)	(2,742,362)
Balance, December 31, 2024	**400,935,887**	**42,895,703**	**17,002**	**147,527**	**11,017,314**	**5,194,500**	**165,051**	**(14,812)**	**(40,802,093)**	**18,620,192**
Balance, March 31, 2025	**410,852,552**	**43,341,953**	**17,002**	**-**	**11,017,314**	**5,124,529**	**(2,793)**	**51,255**	**(42,199,673)**	**17,349,587**
Shares issued on exercise of RSUs (Note 14(c))	2,816,666	267,500	-	-	-	(267,500)	-	-	-	-
Shares issued as compensation replacement (Note 14(a))	5,611,250	168,337	-	-	-	-	-	-	-	168,337
Shares issued on debt settlement (Note 14(a))	3,250,719	97,522	-	-	-	-	-	-	-	97,522
Share-based payments (Notes 14(b) & (c))	-	-	-	-	-	595,077	-	-	-	595,077
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	52,851	-	52,851
Net loss and comprehensive loss	-	-	-	-	-	-	(72,820)	-	(3,573,999)	(3,646,819)
Balance, December 31, 2025	**422,531,187**	**43,875,312**	**17,002**	**-**	**11,017,314**	**5,452,106**	**(75,613)**	**104,106**	**(45,773,672)**	**14,616,555**

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

Red Light Holland Corp.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)
For the Nine Months ended December 31, 2025 and 2024

	2025	2024
	$	$
Operating Activities		
Net loss for the period	**(3,646,819)**	(2,742,362)
Items not affecting cash:		
Amortization and depreciation (Notes 7, 8 and 10)	**278,552**	667,350
Share-based payments (Notes 14(a),(b) & (c) and 19)	**771,987**	515,027
Unrealized loss in fair value of marketable securities (Note 4)	**454,370**	-
Loss (gain) on sale of property, plant and equipment	**2,901**	(4,167)
Gain on decommission of leases	**-**	(5,165)
Gain on modification of convertible debentures	**-**	(113,614)
Gain on termination of contract (Note 18)	**-**	(161,924)
Loss on shares-for-debt settlement	**84,602**	-
Loss on disposal of subsidiary	**22,778**	-
Interest and accretion	**39,841**	117,027
Deferred tax gains (Note 21)	**(87,891)**	(46,277)
	(2,079,679)	(1,774,105)
Movements in working capital:		
Accounts receivable	**(410,234)**	176,584
Sales tax receivable	**326**	566,578
Income tax receivable	**(27,881)**	36,592
Prepaid expenses and deposits	**96,620**	349,632
Inventories	**57,373**	(32,338)
Accounts payable and accrued liabilities	**402,885**	(256,627)
Cash Flows used in Operating Activities	**(1,960,590)**	(933,684)
Investing Activities		
Purchases of marketable securities (Note 4)	**(986,121)**	5,819
Acquisition of property, plant and equipment (Note 7)	**(137,883)**	(491,958)
Cash Flows used in Investing Activities	**(1,124,004)**	(486,139)
Financing Activities		
Proceeds from convertible debentures (Note 9)	**-**	358,826
Repayment of convertible debentures (Note 9)	**(653,134)**	-
Loan proceeds (Note 12)	**181,450**	200,000
Lease payments (Note 11)	**(92,062)**	(186,728)
Cash Flows provided by (used in) Financing Activities	**(563,746)**	372,098
Effect of changes in foreign currency rates on cash	**47,801**	(33,943)
Change in cash and cash equivalents and restricted cash	**(3,600,539)**	(1,081,668)
Cash and cash equivalents and restricted cash, beginning of period	**12,838,165**	14,372,324
Cash and cash equivalents and restricted cash, end of period	**9,237,626**	13,290,656

	$	$
Supplemental Information		
Shares issued on conversion of debentures (Note 9)	**-**	100,000
Shares issued as bonus to minority shareholders (Note 14(a)[(i)])	**-**	52,682
Shares issued as compensation replacement (Note 14(a)[(ii)])	**168,337**	-
Shares issued on shares-for-debt settlement (Note 14(a)[(iii)])	**97,522**	-

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

1. Nature of Operations

Red Light Holland Corp. ("RLHC" or the "Company") is an Ontario-based organization advancing a focused strategy within the legal psychedelic sector, centered on consensual data collection and research and development initiatives designed to expand naturally occurring drug development, understanding of psilocybin use and consumer experiences. In parallel, the Company operates commercial activities across Europe and North America, including psilocybin truffle sales in the Netherlands' legal market and mushroom home grow kits offered through business-to-business and direct-to-consumer channels, in compliance with applicable laws. The Company is governed by the *Business Corporations Act* (Ontario). The address of the Company's registered office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada. The Company's common shares are listed on the Canadian Securities Exchange under the ticker symbol "TRIP", on the Frankfurt Stock Exchange under the symbol "4YX", and on the OTCQB Venture Market under the symbol "TRUFF".

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. Certain information and note disclosures normally included in the Company's annual consolidated financial statements prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board, have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2025.

These condensed interim consolidated financial statements have been prepared on a going concern basis, under historical cost, except for certain financial instruments and equity instruments that are measured at fair value.

These condensed interim consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on February 25, 2026.

Principles of Consolidation

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

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

Name of Subsidiaries	Country of Incorporation	Functional Currency	Percentage Ownership
Red Light Holland (Subco 1) Inc.	Canada	CAD	100%
Red Light Holland (Subco 2) Inc.	Canada	CAD	100%
4316747 Nova Scotia Limited ("Happy Caps") [1]	Canada	CAD	100%
Acadian Exotic Mushrooms Ltd. ("AEM")	Canada	CAD	51%
Red Light Acquisition Inc. ("Red Light Acquisition")	United States	USD	100%
Radix Motion Inc. ("Radix") [2]	United States	USD	100%
RLH Netherlands B.V. "RLH Netherlands")	Netherlands	EUR	100%
RLH Farms B.V. ("RLH Farms")	Netherlands	EUR	100%
SR Wholesale B.V. ("SR Wholesale")	Netherlands	EUR	100%
Wellness World Oss B.V. [3]	Netherlands	EUR	100%
Wellness World Utrecht B.V. ("Wellness World Utrecht") [4]	Netherlands	EUR	100%
MiniChamp B.V. ("MiniChamp")	Netherlands	EUR	100%

[1] On April 2, 2024, the Company acquired the remaining 20% interest in Happy Caps (see Note 13). On May 21, 2025, Happy Caps was re-registered under the Canada Business Corporation Act (CBCA) and continues its operations under the name of Happy Caps Mushroom Farm Inc.

[2] Radix was dissolved in December 2025.

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

[4] On October 1, 2025, the Company completed the sale of the Wellness World Utrecht retail store located in the Netherlands, for a purchase price of €25,000.

2. Basis of Presentation (continued)

Functional and Presentation Currency

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

3. Material Accounting Policies

(a) Critical Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS® Accounting Standards requires management to make judgments, estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2025, unless otherwise noted.

(b) Adoption of New Accounting Policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company's audited consolidated financial statements for the year ended March 31, 2025, except for the adoption of new standards and interpretations effective April 1, 2025, and as otherwise disclosed below.

Assets Held for Sale

Assets are classified as held for sale, when they meet the criteria to be assets classified as held for sale in accordance to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"). A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) is also considered as part of the assessment of whether the sale is highly probable.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell ("FVLCS"). Non-current assets classified as held for sale are not depreciated or amortized subsequent to classification.

4. Marketable Securities

	Number of Securities	Cost	Fair Value
	#	$	$
Elevate Farms Inc. – shares (Level 3)	45,976	299,996	778,833
Balance, March 31, 2025		299,996	778,833
	#	$	$
iShares Bitcoin ETF (Level 1)	18,160	786,121	644,317
Elevate Farms Inc. – shares (Level 3)	71,768	460,288	584,909
Elevate Farms Inc. – warrants (Level 3)	24,390	39,708	81,358
Balance, December 31, 2025		**1,286,117**	**1,310,584**

4. Marketable Securities (continued)

Bitcoin ETFs

During the nine months ended December 31, 2025, the Company purchased a total of 18,160 units of certain Bitcoin-related exchange-traded funds (ETFs) for $786,121, for as part of a strategic investment. As these ETFs are listed and have quoted prices in an active exchange, the Company classified these investments as Level 1 input under the fair value hierarchy as required by IFRS 9 – Financial Instruments ("IFRS 9") (see Note 18).

As at December 31, 2025, these ETFs were valued at $644,317. They are classified as a current asset and are measured at fair value through profit or loss on the condensed interim consolidated statements of financial position.

Elevate Farms Inc.

During the nine months ended December 31, 2025, the Company participated into a new investment of units of Elevate Farms Inc. ("Elevate Farms" or the "Investee") for $200,000. As at December 31, 2025, the Company held 71,768 common shares and 24,390 warrants of Elevate Farms. Based on management's intention and ability, the investment in Elevate Farms has been classified as non-current. The Company had determined that the investment held in Elevate Farms did not have an active market and any observable inputs directly or indirectly from quoted prices of a similar asset in markets which are not active. As such, the Company classified this investment as Level 3 input under the fair value hierarchy as required by IFRS 9 (see Note 18).

As at December 31, 2025, the fair value of Elevate Farms' common shares and warrants was estimated at $666,267 (March 31, 2025 – $778,833) based on the value of the most recent financing closed by the Investee.

Privately held investments (including warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. At the end of each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below, which may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable. The determination of fair value of privately held investments at other than initial cost, is subject to certain limitations. Financial information for private companies may not be available and, even if available, that information may be limited and/or unreliable.

Company-specific information is considered when determining whether the fair value of a privately held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will also consider trends in general market conditions and the share performance of comparable publicly traded companies when valuing privately held investments. The fair value of a privately held investment may be adjusted if:

- There has been significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place.
- There have been significant corporate, political, or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.
- The investee company is placed into receivership or bankruptcy.
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.
- Release by the investee company of positive/negative operational results; or
- Important positive/negative management changes by the investee company that the Company's management believes will have a very positive / negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for a privately held investment may differ from values that would be realized if a ready market existed.

4. Marketable Securities (continued)

The following summarizes the changes in the marketable securities for the nine months ended December 31, 2025:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at March 31, 2025	-	-	778,833	778,833
Purchases of new investments	786,121	-	200,000	986,121
Revaluation to fair market value	(141,804)	-	(312,566)	(454,370)
As at December 31, 2025	**644,317**	**-**	**666,267**	**1,310,584**

For the three and nine months ended December 31, 2025, the unrealized change in the fair value of marketable securities amounted to a loss of $172,739 and $454,370, respectively, (2024 – $nil and $nil), which are recorded on the condensed interim consolidated statements of loss and comprehensive loss.

5. Inventories

	December 31, 2025	March 31, 2025
	$	$
Raw materials	-	17,280
Packaging materials	**133,584**	179,481
Finished Goods	**809,828**	804,024
	943,412	1,000,785

For the three and nine months ended December 31, 2025, inventories recognized as sales-related expenses amounted to $906,878 and $2,187,622, respectively, (2024 – $753,674 and $2,503,588, respectively), which is included in cost of sales on the condensed interim consolidated statements of loss and comprehensive loss.

6. Assets Held For Sale

Land and buildings are transferred to assets classified as held for sale, from property, plant and equipment, when they meet the criteria to be assets classified as held for sale in accordance to IFRS 5.

In June 2025, management approved the sale of its AEM Project in Ontario (the “AEM Project”) and the proposed sale transaction is expected to close within the next 12 months. Upon management’s decision to divest of its interest in the AEM Project, the investments in its land and buildings of $2,255,251 were classified as held for sale on the condensed interim consolidated statements of financial position.

In accordance with IFRS 5, these assets are measured at the lower of their carrying amount and FVLCS. These assets were previously classified as assets under construction and therefore were not subject to depreciation. As at December 31, 2025, these assets held for sale were valued at $2,255,251. The Company will continue to assess the FVLCS of the assets classified as held for sale at the end of each reporting period and adjust the carrying amounts accordingly. During the nine months ended December 31, 2025, no impairment loss was recognized upon reclassification.

To determine the FVLCS, the Company will consider factors such as the best available market data, the estimated costs to sell and other company-specific information. The carrying amounts of the assets classified as held for sale are not necessarily indicative of their fair value, as it has been recorded at the lower of their carrying amounts and FVLCS in accordance with IFRS 5.

7. Property, Plant and Equipment

	Land	Buildings	Equipment	Vehicle	Total
	$	$	$	$	$
Cost					
Balance, March 31, 2024	1,567,635	3,069,898	1,169,426	22,481	5,829,440
Additions	375,854	20,877	134,489	-	531,220
Disposal	-	-	(3,526)	-	(3,526)
Impairment loss	-	(251,844)	-	-	(251,844)
Foreign currency adjustment	-	-	18,517	1,460	19,977
Balance, March 31, 2025	1,943,489	2,838,931	1,318,906	23,941	6,125,267
Additions	-	-	137,883	-	137,883
Reclassification as AHFS (Note 6)	(1,903,489)	(351,762)	-	-	(2,255,251)
Disposal	-	-	(3,272)	-	(3,272)
Derecognition from disposal of subsidiary	-	-	(61,017)	-	(61,017)
Foreign currency adjustment	-	-	7,072	744	7,816
Balance, December 31, 2025	**40,000**	**2,487,169**	**1,399,572**	**24,685**	**3,951,426**
	$	$	$	$	$
Accumulated Depreciation					
Balance, March 31, 2024	-	268,920	280,073	12,867	561,860
Disposal	-	-	(1,874)	-	(1,874)
Depreciation	-	98,437	143,903	4,242	246,582
Foreign currency adjustment	-	-	10,396	1,008	11,404
Balance, March 31 ,2025	-	367,357	432,498	18,117	817,972
Disposal	-	-	(371)	-	(371)
Derecognition from disposal of subsidiary	-	-	(31,002)	-	(31,002)
Depreciation	-	73,693	120,517	2,634	196,844
Foreign currency adjustment	-	-	1,105	563	1,668
Balance, December 31, 2025	**-**	**441,050**	**522,747**	**21,314**	**985,111**
	$	$	$	$	$
Net Book Value					
March 31, 2025	1,943,489	2,568,216	789,766	5,824	5,307,295
December 31, 2025	**40,000**	**2,046,119**	**876,825**	**3,371**	**2,966,315**

For the three and nine months ended December 31, 2025, depreciation expense related to the Company's property, plant and equipment amounted to $64,059 and $196,844, respectively, (2024 – $62,011 and $182,455, respectively), which are included in general and administrative ("G&A") expenses (see Note 20) on the condensed interim consolidated statements of loss and comprehensive loss.

8. Intangible Assets

For the three and nine months ended December 31, 2025, amortization expense related to the Company's intangible assets, comprised of its trade name, amounted to $5,790 and $22,074, respectively, (2024 – $8,141 and $24,425, respectively), which are included in G&A expenses (see Note 20) on the condensed interim consolidated statements of loss and comprehensive loss.

As at December 31, 2025, the Company's intangible assets were fully amortized (March 31, 2025 – net book value of $22,074) on the condensed interim consolidated statements of financial position.

9. Convertible Debentures

On March 19, 2023, an unsecured convertible promissory note payable due to the previous owner of SR Wholesale and in the amount of €300,000 became due. On March 31, 2023, this note was derecognized as a replacement debt instrument and was issued to a new debenture holder pursuant to an assignment agreement, terms as outlined below.

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

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

The Company was required to post a 75% security deposit of $562,500 which was held in trust. This amount, plus interest earned, was classified as restricted cash on the consolidated statements of financial position as at March 31, 2025.

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.

10. Right-of-Use Assets

	December 31, 2025	March 31, 2025
	$	$
Balance, beginning of period / year	**376,185**	394,405
Depreciation	**(59,634)**	(94,486)
Derecognition of lease decommission	**-**	(47,794)
Derecognition of lease on disposal of subsidiary	**(52,408)**	-
Lease modifications	**-**	103,273
Foreign currency adjustment	**10,289**	20,787
Balance, end of period / year	**274,432**	376,185

For the three and nine months ended December 31, 2025, depreciation expense related to right-of-use assets amounted to $15,285 and $59,634, respectively, (2024 – $54,012 and $158,705, respectively), which are included in G&A expenses (see Note 20) on the condensed interim consolidated statements of loss and comprehensive loss.

11. Lease Liabilities

	December 31, 2025	March 31, 2025
	$	$
Balance, beginning of period / year	**405,276**	419,874
Interest expense	**36,707**	56,246
Lease payments	**(92,062)**	(136,482)
Leases decommission	**-**	(52,959)
Lease modifications	**-**	94,631
Derecognition of lease on disposal of subsidiary	**(59,645)**	-
Foreign currency adjustment	**11,387**	23,966
Balance, end of period / year	**301,663**	405,276

11. Lease Liabilities (continued)

	December 31, 2025	March 31, 2025
	$	$
Current portion	**61,505**	83,723
Long-term portion	**240,158**	321,553
Balance, end of period / year	**301,663**	405,276

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

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

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

For the three and nine months ended December 31, 2025, interest and accretion expense related to lease liabilities amounted to $11,043 and $36,707, respectively, (2024 – $6,715 and $26,088, respectively), which are included in interest expense on the condensed interim consolidated statements of loss and comprehensive loss.

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

	$
2026	61,506
2027	64,972
2028	58,203
2029	69,858
2030	47,124
Total Lease Payments	**301,663**

12. Loans and Advances

As of December 31, 2025, the Company had total recorded loans in the amount of $1,309,934 (March 31, 2025 – $1,127,884), comprised of:

- A loan in the amount of $1,109,334 which is unsecured, non-interest bearing with no specific terms of repayment. $590,404 of the advances originated prior to the acquisition of AEM and the remaining balance of $342,380 represent funds deposited by the minority interest holders post-acquisition for the procurement of capital expenditures. This advance is owed to the minority interest holders of AEM to Red Light Holland Corp.
- An additional loan in the amount of $200,000 from RBC received on June 7, 2024, with a maturity date of December 15, 2025. This loan requires interest only payments, bears an interest rate of 7.2% and is secured by a guaranteed investment certificate of $200,000. Subsequent to period-end, this loan with RBC was repaid.

13. Non-Controlling Interest

	Happy Caps	AEM	Total
	$	$	$
Balance, March 31, 2024	(70,684)	262,791	192,107
Net loss attributable to non-controlling interest	-	(265,584)	(265,584)
Acquisition of non-controlling interest	70,684	-	70,684
Balance, March 31, 2025	-	(2,793)	(2,793)
Net loss attributable to non-controlling interest	-	(72,820)	(72,820)
Balance, December 31, 2025	**-**	**(75,613)**	**(75,613)**

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

14. Capital Stock

(a) Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, and 2,000,000 voting, convertible, redeemable, preference shares. Details of shares issued and outstanding for the nine months ended December 31, 2025 and 2024 are as follows:

	Common Shares	Amount
	#	$
Balance, March 31, 2024	**393,785,080**	**42,439,190**
Shares issued on conversion of debentures (Note 9)	1,666,666	100,000
Shares issued as financing costs (Note 9)	2,375,000	92,472
Shares issued on exercise of RSUs (Note 14(c))	2,151,288	21,359
Shares to be issued on vested RSUs	-	190,000
Shares issued for compensation (i)	957,853	52,682
Balance, December 31, 2024	**400,935,887**	**42,895,703**

	#	$
Balance, March 31, 2025	**410,852,552**	**43,341,953**
Shares issued on exercise of RSUs (Note 14(c))	2,816,666	267,500
Shares issued as compensation replacement (ii)	5,611,250	176,909
Shares issued as debt settlement (iii)	3,250,719	88,950
Balance, December 31, 2025	**422,531,187**	**43,875,312**

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

(ii) On November 11, 2025, the Company issued 5,611,250 common shares to certain members of the Board, as consideration for a reduced cash compensation. These common shares were valued at $168,338, based on the Company's closing share price on the date of issuance, and the amount was recorded as share-based payments on the condensed interim consolidated statements of loss and comprehensive loss for the nine months ended December 31, 2025.

(iii) On November 18, 2025, the Company issued 3,250,719 common shares at a deemed price of $0.035 per share to certain third-party consultants pursuant to a shares-for-debt settlement to settle outstanding obligations of $113,775. These common shares were valued at $97,522, based on the Company's closing share price on the date of issuance. As a result of the Debt Settlement, a loss on debt settlement of $84,602 and share-based payments of $8,571, respectively, were recorded on the condensed interim consolidated statements of loss and comprehensive loss for the nine months ended December 31, 2025.

14. Capital Stock (continued)

(b) Stock Options

The following summarizes the option activities for the nine months ended December 31, 2025 and 2024:

	2025		2024	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
	#	**$**	#	$
Outstanding, beginning of period	**27,651,667**	**0.08**	28,551,667	0.11
Granted	**100,000**	**0.05**	-	-
Cancelled	**-**	**-**	(6,000,000)	0.16
Expired	**(300,000)**	**0.09**	-	-
Expired	**(1,666,667)**	**0.06**	-	-
Outstanding, end of period	**25,785,000**	**0.08**	22,951,667	0.10

On November 11, 2025, the Company granted 100,000 stock options to an officer. These options are exercisable at $0.05 per share and expire five years from the date of issuance. 50,000 of the options vest on or after the 12-month anniversary of grant, with the remainder to vest on or after the 24-month anniversary of grant.

The following table summarizes information of stock options outstanding and exercisable as at December 31, 2025:

Date of Expiry	**Number of Options Outstanding**	**Number of Options Exercisable**	**Exercise Price**
	#	**#**	**$**
June 29, 2027	400,000	400,000	0.075
April 24, 2028	13,035,000	13,035,000	0.10
October 30, 2028	2,050,000	2,050,000	0.055
January 21, 2030	9,200,000	3,066,667	0.05
March 18, 2030	1,000,000	333,333	0.05
November 11, 2030	100,000	-	0.05
	25,785,000	**18,885,000**	**0.08**

As at December 31, 2025, the weighted average remaining life of the outstanding stock options was 3.05 years (March 31, 2025 – 3.53 years). Of the outstanding options, 18,885,000 (March 31, 2025 – 16,535,000) were fully vested, exercisable, and had a weighted average remaining useful life of 2.67 years (March 31, 2025 – 3.10 years).

For the three and nine months ended December 31, 2025, an amount of $44,209 and $327,577, respectively, has been recorded as share-based payments (2024 – $nil and $483,905, respectively) upon vesting of the stock options on the condensed interim consolidated statements of loss and comprehensive loss.

(c) Restricted Share Units ("RSUs")

The following summarizes the RSUs activities for the nine months ended December 31, 2025 and 2024:

	Number of RSUs	**Amount**
	#	**$**
Balance, March 31, 2024	**3,866,667**	**360,123**
Vested	(1,966,667)	(216,983)
Forfeited	(500,000)	(50,000)
Balance, December 31, 2024	**1,400,000**	**93,140**

14. Capital Stock (continued)

(c) Restricted Share Units ("RSUs") (continued)

	Number of RSUs	Amount
	#	$
Balance, March 31, 2025	**5,233,333**	**286,956**
Granted	7,583,333	127,500
Share-based payments	-	140,000
Vested	(2,816,666)	(267,500)
Balance, December 31, 2025	**10,000,000**	**286,956**

On November 11, 2025, the Company granted 4,250,000 RSUs to certain officers and consultants. 1/3 of the RSUs vested immediately, 1/3 will vest on November 11, 2026, and the remainder vest on November 11, 2027. 1,416,666 common shares were issued upon the first tranches of RSUs which vested on grant.

(d) Warrants

The following summarizes the warrant activities for the nine months ended December 31, 2025 and 2024:

	2025		2024	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
	#	$	#	$
Outstanding, beginning of period	**14,875,000**	**0.10**	48,704,031	0.35
Issued (Note 9)	**-**	**-**	14,875,000	0.02
Expired	**-**	**-**	(47,413,422)	-
Outstanding, end of period	**14,875,000**	**0.10**	16,165,609	0.10

The following table summarizes information of warrant outstanding as at December 31, 2025:

Date of expiry	**Number of Warrants Outstanding**	**Exercise Price**	**Weighted-Average Remaining Life**
	#	$	Years
April 8, 2026	14,875,000	0.10	0.27
	14,875,000	**0.10**	**0.27**

(e) Loss per Share Data

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

15. Revenue

Revenue recorded during the three and nine months ended December 31, 2025 and 2024 were as follows:

	Three Months ended December 31,		**Nine Months ended December 31,**	
	2025	2024	**2025**	2024
	$	$	$	$
Wholesale product sales	**756,746**	668,962	**1,995,176**	2,112,382
Wholesale mushroom sales	**99,216**	120,420	**398,136**	426,168
Mushroom grow kit sales	**408,423**	318,161	**851,095**	1,355,546
Retail sales	**413**	60,910	**75,640**	200,875
	1,264,798	1,168,453	**3,320,047**	4,094,971

16. Capital Management

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

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

17. Provisions, Commitments and Contingencies

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

18. Financial Instruments and Risk Management

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

Price Risk

The Company is exposed to price risk through its investments in publicly-traded and private marketable securities. A 10% change in the fair value of these marketable securities would impact the Company's net loss for the nine months ended December 31, 2025 by approximately $131,000 (2024 – approximately $102,300).

Cryptocurrency Risk

The Company is exposed to risk with respect to cryptocurrency prices and valuations which are largely based on the supply and demand of cryptocurrencies and their acceptance in the financial market. A downturn in the cryptocurrency sector could result in a decrease in the fair value of the Company's investments of ETFs. The Company manages this risk by regularly reviewing its investment portfolio and rebalances its holdings when needed.

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 December 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.

18. Financial Instruments and Risk Management (continued)

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 Utrecht operate.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than the Canadian dollar. As at December 31, 2025, the Company had net assets and liabilities of $1,180,273 (March 31, 2025 – $2,065,436) which 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 of changes in foreign exchange rates would change the Company's net loss by approximately $118,000 (2024 – approximately $197,000).

Liquidity Risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company manages liquidity risk by reviewing the amount of cash available to ensure that it meets its current obligations.

The following table summarizes the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2025:

	Total Contractual Payments	**Payments Due by Period**		
		< 1 Year	**1-3 Years**	**4-5 Years**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	1,765,205	1,765,205	-	-
Loans and advances	1,309,334	1,309,334	-	-
Lease liabilities	413,120	101,161	178,890	133,069
	3,487,659	**3,175,700**	**178,890**	**133,069**

The following table summarizes the Company's accounts payable and accrued liabilities as at December 31, 2025:

	December 31, 2025	March 31, 2025
	$	$
Accounts payable	**895,911**	626,045
Sales tax payable	**645**	-
Professional fee accruals	**426,905**	301,372
Consulting and payroll accruals	**112,137**	145,502
Other accruals	**329,607**	293,748
	1,765,205	1,366,667

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 December 31, 2025, the Company estimated the expected credit losses to be $26,199 (March 31, 2025 – $25,303).

18. Financial Instruments and Risk Management (continued)

Credit Risk (continued)

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

Fair Value of Financial Assets and Financial Liabilities

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

Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

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

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

Of the Company's investments reported on the condensed interim consolidated statements of financial position as at December 31, 2025, Level 1 financial instruments are measured at fair value based on quoted prices from an active market, and 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.

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

Description	Fair value	Valuation- technique / unobservable input	Sensitivity to changes in significant unobservable inputs
Equity	$584,909	Transaction price, indexing per industry benchmark / recent purchase price	Additional recent financing activity
Warrants	$81,358	Black-Scholes valuation model / market prices, peer company volatility, risk-free interest rate	52% volatility

For Level 3 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 $166,600 change in the total fair value of the investments as of December 31, 2025 (March 31, 2025 – change of approximately $194,700). 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.

18. Financial Instruments and Risk Management (continued)

MISTERCAP Amendment

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

During the nine months ended December 31, 2024, the Company recognized a net contract termination cost of $9,959 under the Amended MISTERCAP IP Agreement as follows:

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

19. Related Party Transactions and Balances

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

During the three and nine months ended December 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:

	Three Months ended December 31,		**Nine Months ended December 31,**	
	2025	2024	**2025**	2024
	$	$	**$**	$
Salary	**128,885**	132,392	**378,885**	446,898
Consulting fees	**70,000**	126,499	**234,520**	394,822
Car allowances	**4,800**	4,800	**14,400**	14,400
Others	**-**	-	**-**	6,000
	203,685	263,691	**627,805**	862,120

During the three and nine months ended December 31, 2025, compensation of $128,885 and $378,885, respectively, (2024 – $132,392 and $446,898, respectively) comprised of salaries for certain officers and directors of the Company, is as follows:

- Chief Executive Officer: $82,500 and $247,500, respectively (2024 – $82,500 and $247,500, respectively);
- Former Chief Financial Officer ("CFO"): $nil and $nil (2024 – $nil and $55,916, respectively) [5];
- VP of Sales: $46,385 and $121,385, respectively, (2024 – $44,892 and $119,892, respectively);
- Former VP of Sales: $nil and $nil (2024 – $nil and $8,590, respectively); and
- Non-executive director: $nil and $10,000, respectively, (2024 – $5,000 and $15,000, respectively).

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

19. Related Party Transactions and Balances (continued)

During the three and nine months ended December 31, 2025, compensation of $70,000 and $234,520, respectively, (2024 – $126,499 and $394,822, respectively) comprised of consulting fees for certain officers and directors, for services provided to the Company, is as follows:

- Current CFO: $15,000 and $45,000, respectively, (2024 – $nil and $nil); and
- Other officers and directors: $55,000 and $189,520, respectively, (2024 – $126,499 and $394,822, respectively).

As at December 31, 2025, $145,207 (March 31, 2025 – $122,616) was due to related parties and included in accounts payable and accrued liabilities.

20. General and Administrative Expenses

The Company's G&A expenses for the three and nine months ended December 31, 2025 and 2024 were comprised of the following:

	Three Months ended December 31,		**Nine Months ended December 31,**	
	2025	2024	**2025**	2024
	$	$	**$**	$
Advertising and promotions	**23,177**	72,225	**101,277**	184,394
Amortization and depreciation	**85,133**	228,143	**278,551**	667,350
Consulting and management fees	**137,404**	173,447	**417,547**	561,837
Insurance	**37,071**	47,486	**134,713**	150,574
Investor and public relations	**1,600**	-	**9,650**	12,475
Legal, audit and other professional fees	**189,524**	208,258	**713,546**	855,302
Office and general	**165,074**	154,264	**491,431**	445,633
Payroll	**484,927**	378,402	**1,345,812**	1,152,353
Regulatory	**13,316**	34,228	**39,311**	84,923
Selling	**61,365**	126,991	**154,825**	263,389
	1,198,591	1,423,444	**3,686,663**	4,378,230

21. Income Taxes

Income taxes for the three and nine months ended December 31, 2025 and 2024 were comprised of the following:

	Three Months ended December 31,		**Nine Months ended December 31,**	
	2025	2024	**2025**	2024
	$	$	**$**	$
Current tax expense (recovery)	**-**	(4,968)	**(3,400)**	21,607
Deferred tax recovery	**(28,605)**	(15,722)	**(87,891)**	(46,277)
Total income tax recovery	**(28,605)**	(20,690)	**(91,291)**	(24,670)

22. Segment Information

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

22. Segment Information (continued)

The following tables present the total revenue and comprehensive loss by segment for the three and nine months ended December 31, 2025 and 2024:

	Three Months ended December 31,		Nine Months ended December 31,	
Revenue	**2025**	2024	**2025**	2024
	$	$	**$**	$
Netherlands	**1,075,979**	980,367	**2,496,991**	2,811,666
Canada	**188,799**	187,095	**822,939**	1,282,149
United States	**20**	991	**117**	1,156
	1,264,798	1,168,453	**3,320,047**	4,094,971

Comprehensive loss	**2025**	2024	**2025**	2024
	$	$	**$**	$
Canada	**1,256,697**	876,506	**3,085,852**	2,821,474
Netherlands	**176,549**	(708)	**503,905**	(89,935)
United States	**-**	22,493	**4,211**	42,721
	(1,433,246)	(898,291)	**(3,593,968)**	(2,774,260)

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

Total assets as at	**December 31, 2025**	March 31, 2025
	$	$
Canada	**16,455,484**	18,666,943
Netherlands	**1,744,468**	2,498,121
United States	**-**	56,328
	18,199,952	21,221,392

Total liabilities as at	**December 31, 2025**	March 31, 2025
	$	$
Canada	**3,019,202**	3,234,320
Netherlands	**564,195**	637,485
	3,583,397	3,871,805

23. Reclassification of Comparative Figures

For comparison purposes, the Company had reclassed and adjusted certain items on the condensed interim consolidated statements of loss and comprehensive loss and the condensed interim consolidated statements of cash flows to conform with certain audit adjustments recorded for the year ended March 31, 2025.

24. Subsequent Events

Issuance of Common Shares

On January 26, 2026, the Company issued 3,179,534 common shares upon exercise of previously granted RSUs.

Expiry of Stock Options

On January 27, 2026, 600,000 options exercisable at $0.055 per option and 100,000 options exercisable at $0.05 per option, respectively, expired unexercised.

Purchase of Bitcoin ETFs

Subsequent to December 31, 2025, the Company purchased additional ETFs for $99,924.