

## AMALGAMATION AGREEMENT

THIS AGREEMENT is dated as of the 21<sup>st</sup> day of May, 2020,

BY AND AMONG:

**RED LIGHT HOLLAND DEBT INC.**, a company existing under the laws of the Province of Ontario

(hereinafter referred to as “**Debtco**”)

**OF THE FIRST PART;**

- and -

**2747451 ONTARIO INC.**, a company existing under the laws of the Province of Ontario

(hereinafter referred to as “**Numco 2**”)

**OF THE SECOND PART;**

- and -

**RED LIGHT HOLLAND CORP. (formerly Added Capital Inc.)**, a company existing under the laws of the Province of Ontario

(hereinafter referred to as “**Parent**”)

**OF THE THIRD PART.**

**WHEREAS** Debtco and Numco 2 wish to amalgamate pursuant to the Act and to continue as one company to be known as “Red Light Holland (Subco 2) Inc.” in accordance with the terms and conditions hereof;

**AND WHEREAS** Numco 2 is a wholly-owned subsidiary of Parent and has not carried on any active business; and

**AND WHEREAS** the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

**NOW THEREFORE, THIS AGREEMENT WITNESSES THAT**, for and in consideration of the mutual covenants and agreements herein contained and other lawful and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Definitions.** In this Agreement (including the recitals hereto):
  - (a) “**Act**” means the *Business Corporations Act* (Ontario) as from time to time amended or re-enacted;
  - (b) “**Agreement**” means this amalgamation agreement;
  - (c) “**Amalco 2**” means the company formed upon the amalgamation of the Amalgamating Parties pursuant to the Amalgamation;

- (d) “**Amalco 2 Shares**” means the common shares in the capital of Amalco 2;
  - (e) “**Amalgamating Parties**” means, collectively, Debtco and Numco 2;
  - (f) “**Amalgamation**” means the amalgamation of the Amalgamating Parties under the Act on the terms and conditions set forth in this Agreement;
  - (g) “**Articles of Amalgamation**” means the articles of amalgamation in respect of the Amalgamation, in the form required by the Act and acceptable to the parties, to be sent to the Director;
  - (h) “**Amalgamation Date**” means the date on which the Certificate of Amalgamation is issued by the Director;
  - (i) “**Business Day**” means a day other than a Saturday, Sunday or a civic or statutory holiday in the City of Toronto, Ontario;
  - (j) “**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Director;
  - (k) “**Director**” means the Director appointed under Section 278 of the Act;
  - (l) “**Effective Date**” means the date shown on the Certificate of Amalgamation;
  - (m) “**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date;
  - (n) “**Exchange Ratio**” means a one-to-one basis, wherein each one (1) Debtco Share shall be exchanged for one (1) fully paid and non-assessable Parent Share;
  - (o) “**Debtco Shareholders**” means the holders of Debtco Shares prior to the filing of the Articles of Amalgamation;
  - (p) “**Debtco Shares**” means common shares in the capital of Debtco;
  - (q) “**Numco 2 Shares**” means the common shares in the capital of Numco 2.
  - (r) “**Paid-up Capital**” has the meaning assigned to the term “paid-up capital” in subsection 89(1) of the *Income Tax Act* (Canada));
  - (s) “**Parent Shareholder**” means a registered holder owning Parent Shares prior to the filing of the Articles of Amalgamation; and
  - (t) “**Parent Shares**” means the common shares in the capital of Parent.
2. **Amalgamation.** Upon the conditions set out in this Agreement being satisfied or waived in accordance with the provisions of this Agreement, the Amalgamating Parties hereby agree to:
- (a) amalgamate and continue as one company under the provisions of the Act upon the terms and conditions hereinafter set out; and
  - (b) execute and file with the Director the Articles of Amalgamation.
3. **Certain Phrases, etc.** In this Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly

stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

4. **Effect of the Amalgamation.** At the Effective Time, subject to the Act:
  - (a) the amalgamation of the Amalgamating Parties and their continuance as one company, Amalco 2, under the terms and conditions prescribed in this Agreement shall be effective and irrevocable;
  - (b) the property, rights and interests of each of the Amalgamating Parties shall continue to be the property, rights and interests of Amalco 2;
  - (c) Amalco 2 shall become capable immediately of exercising the functions of an incorporated company;
  - (d) the shareholders of Amalco 2 have the powers and the liability provided in the Act;
  - (e) each shareholder of the Amalgamated Parties is bound by this Agreement;
  - (f) Amalco 2 will be a wholly-owned subsidiary of Parent;
  - (g) Amalco 2 shall continue to be liable for the liabilities and obligations of each of the Amalgamating Parties;
  - (h) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Parties shall be unaffected;
  - (i) any legal proceeding being prosecuted or pending by or against any of the Amalgamating Parties may be continued to be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco 2; and
  - (j) any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Parties may be enforced by or against Amalco 2.
5. **Name.** The name of Amalco 2 shall be “Red Light Holland (Subco 2) Inc.”.
6. **Registered Office.** The mailing and delivery address of the registered office of Amalco 2 shall be located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.
7. **Records Office.** The mailing and delivery address of the records office of Amalco 2 shall be located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.
8. **Financial Year End.** The financial year-end of Amalco 2 shall be March 31.
9. **Authorized Share Structure.** The authorized share structure of Amalco 2 shall consist of an unlimited number of Amalco 2 Shares, which shares shall have the rights, privileges, restrictions and conditions as set out in the Act.
10. **Restrictions on Business.** There shall be no restrictions on the business which Amalco 2 is authorized to carry on.
11. **Number of Directors.** The minimum number of directors of Amalco 2, until changed in accordance with the Articles, will be one (1).
12. **Articles and By-laws.** The articles and by-laws of Debtco shall, so far as applicable, be the Articles and By-laws of Amalco 2 until repealed or amended in the normal manner provided for in the Act.

13. **Directors.** The director of Amalco 2 shall be the Person whose name and address is set out below, who shall hold office until the first annual meeting of shareholders of Amalco 2 or until his successor is duly elected or appointed:

Name	Prescribed Address (mailing and delivery)
Todd Shapiro	1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9

14. **First Officers.** The full names and offices of the first officers of Amalco 2 are:

Name of Officer	Office
Todd Shapiro	President and Secretary

15. **Treatment of Issued Shares.** At the Effective Time:

- (a) Debtco Shares shall be exchanged for fully paid and non-assessable Parent Shares (the “**Replacement Shares**”) on the basis of the Exchange Ratio;
- (b) Debtco Shares replaced in accordance with the provisions of Section 15(a) hereof will be cancelled;
- (c) each issued and outstanding Numco 2 Share will be cancelled and replaced by one (1) fully paid and non-assessable Amalco 2 Share for each Numco 2 Share held by Parent; and
- (d) as consideration for the issuance of Parent Shares in exchange for the Debtco Shares, Amalco 2 shall issue to Parent, one (1) Amalco 2 Share for each Parent Share so issued.

16. **No Fractional Shares or Securities upon Conversion.** Notwithstanding Section 14 of this Agreement, no Debtco Shareholder shall be entitled to, and Parent will not issue, fractions of Parent Shares and no cash amount will be payable by Parent in lieu thereof. To the extent any Debtco Shareholder is entitled to receive a fractional Parent Share such fraction shall be rounded down to the closest whole number of the applicable security.

17. **Share Certificates.** On the Effective Date:

- (a) the registered holders of Debtco Shares shall be deemed to be the registered holders of Replacement Shares to which they are entitled hereunder.
- (b) Parent, as the registered holder of the Numco 2 Shares, shall be deemed to be the registered holder of the Amalco 2 Shares to which it is entitled hereunder and, upon surrender of the certificates representing such Numco 2 Shares to Amalco 2, Parent shall be entitled to receive a share certificate representing the number of Amalco 2 Shares to which it is entitled as set forth in Section 15 hereof; and
- (c) share certificates evidencing Debtco Shares shall cease to represent any claim upon or interest in Debtco other than the right of the holder to receive, pursuant to the terms hereof and the Amalgamation, the applicable Replacement Shares in accordance with Section 15 hereof.

18. **Lost Certificates.** In the event any certificate which subsequent to the Effective Time represented one or more outstanding Debtco Shares that were exchanged pursuant to Section 15 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder of such Debtco Share claiming such

certificate to be lost, stolen or destroyed, Parent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing the applicable Replacement Share pursuant to Section 15. The holder to whom certificates representing Replacement Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Parent in such sum as Parent may direct or otherwise indemnify Parent in a manner satisfactory to Parent against any claim that may be made against Parent with respect to the certificate alleged to have been lost, stolen or destroyed.

19. **Amalco 2 Paid-Up Capital.** The amount to be added to the paid-up capital account maintained in respect of the Amalco 2 Shares in connection with the issue of Amalco 2 Shares under Section 15 hereof on the Effective Date shall be the amount which is the sum of (i) the Paid-up Capital, determined immediately before the Effective Time, of all the issued and outstanding Debtco Shares and (ii) the Paid-up Capital, determined immediately before the Effective Time, of the issued and outstanding Numco 2 Shares converted into Amalco 2 Shares.
20. **Parent Stated Capital.** Parent shall add an amount to the stated capital account maintained in respect of the Parent Shares an amount equal to the Paid-Up Capital of the Debtco Shares, determined immediately prior to the Effective Time.
21. **Filings with the Director.** The Amalgamating Parties will, on or prior to the Effective Date cause the Articles of Amalgamation and any other documents that may be required to give effect to the Amalgamation to be filed with the Director.
22. **Covenants of Debtco.** Debtco covenants and agrees with Numco 2 and Parent that it will:
  - (a) use reasonable commercial efforts to obtain the approval of the holders of Debtco Shares authorizing the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the Act;
  - (b) use reasonable efforts to cause each of the conditions precedent set forth in Sections 29 and 30 hereof to be complied with; and
  - (c) subject to the approval of the shareholders of Debtco and Numco 2 being obtained for the completion of the Amalgamation and subject to all applicable regulatory approvals being obtained, thereafter jointly file with Numco 2 the Articles of Amalgamation with the Director and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.
23. **Covenants of Parent.** Parent covenants and agrees with Debtco that it will:
  - (a) sign a resolution as sole shareholder of Numco 2 in favour of the approval of the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the Act;
  - (b) use reasonable efforts to cause each of the conditions precedent set forth in Sections 29 and 31 hereof to be complied with; and
  - (c) subject to the approval of the holders of Debtco Shares being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals and the issuance of the Certificate of Amalgamation, issue that number of Replacement Shares as required by Section 15 hereof.
24. **Covenants of Numco 2.** Numco 2 covenants and agrees with Parent and Debtco that it will not from the date of execution hereof to the Effective Date, except with the prior written consent of Parent and Debtco, conduct any business which would prevent Numco 2 or Amalco 2 from performing any of their respective obligations hereunder.

25. **Further Covenants of Numco 2.** Numco 2 further covenants and agrees with Debtco that it will:
- (a) use its best efforts to cause each of the conditions precedent set forth in Section 29 hereof to be complied with; and
  - (b) subject to the approval of the holders of Debtco Shares and the sole shareholder of Numco 2 being obtained and subject to the obtaining of all applicable regulatory approvals, thereafter jointly file with Debtco the Articles of Amalgamation with the Director and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.
26. **Representation and Warranty of Parent.** Parent hereby represents and warrants to and in favour of Debtco and Numco 2 and acknowledges that Debtco and Numco 2 are relying upon such representation and warranty, that Parent is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Parent in accordance with its terms.
27. **Representation and Warranty of Debtco.** Debtco hereby represents and warrants to and in favour of Parent and Numco 2, and acknowledges that Parent and Numco 2 are relying upon such representation and warranty, that Debtco is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Debtco in accordance with its terms.
28. **Representation and Warranty of Numco 2** Numco 2 hereby represents and warrants to and in favour of Debtco and Parent and acknowledges that Debtco and Parent are relying upon such representations and warranty, that Numco 2 is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Numco 2 in accordance with its terms.
29. **General Conditions Precedent.** The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by the consent of each of the parties without prejudice to their rights to rely on any other or others of such conditions:
- (a) this Agreement and the transactions contemplated hereby, including, in particular, the Amalgamation, shall be approved by the sole shareholder of Numco 2 and by the Debtco Shareholders in accordance with the Act; and
  - (b) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Amalgamation.
30. **Conditions to Obligations of Parent and Numco 2.** The obligations of Parent and Numco 2 to consummate the transactions contemplated hereby \*and in particular the issue of the Replacement Shares and the Amalgamation), as the case may be, are subject to the satisfaction, on or before the Effective Date, of the following conditions:
- (a) the acts of Debtco to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by it and there shall have been no material adverse change in the financial condition or business of Debtco, taken as a whole, from and after the date hereof.

The conditions described above are for the exclusive benefit of Parent and Numco 2 and may be asserted by Parent and Numco 2 regardless of the circumstances or may be waived by Parent and Numco 2 in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Parent and Numco 2 may have.

31. **Conditions to Obligations of Debtco.** The obligations of Debtco to consummate the transactions contemplated hereby and in particular the Amalgamation are subject to the satisfaction, on or before the Effective Date, of the following conditions:

- (a) each of the acts of Parent and Numco 2 to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by them and there shall have been no material adverse change in the financial condition or business of Parent or Numco 2, taken as a whole, from and after the date hereof.

The conditions described above are for the exclusive benefit of Debtco and may be asserted by Debtco regardless of the circumstances or may be waived by Debtco in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Debtco may have.

32. **Amendment and Waiver.** This Agreement may at any time and from time to time be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Debtco Shareholders in exchange for their Debtco Shares without approval by the Debtco Shareholders given in the same manner as required for the approval of the Amalgamation.

33. **Termination.** This Agreement may, prior to the issuance of the Certificate of Amalgamation, be terminated by mutual agreement of the respective boards of directors of the parties hereto, without further action on the part of the shareholders of Debtco or Numco 2. This Agreement shall also terminate without further notice or agreement if the Amalgamation is not approved by the Debtco Shareholders entitled to vote in accordance with the Act.

34. **Binding Effect.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.

35. **Assignment.** No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of each of the other parties.

36. **Further Assurances.** The parties hereto agree to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

37. **Notice.** Any notice which a party may desire to give or serve upon another party shall be in writing and may be delivered, mailed by prepaid registered mail, return receipt requested or sent by telecopy transmission.

38. **Time of Essence.** Time shall be of the essence of this Agreement.

39. **Governing Law.** This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.

40. **Counterparts.** This Agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument.
41. **Electronic Delivery.** Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

*[Remainder of page intentionally left blank. Signature page follows.]*



**IN WITNESS WHEREOF**, this Agreement has been duly executed by the parties hereto as of the date first above written.

**RED LIGHT HOLLAND CORP.**  
(formerly Added Capital Inc.)

Per: signed "Michael Lerner"  
Name: Michael Lerner  
Title: Authorized Signing Officer

**RED LIGHT HOLLAND DEBT INC.**

Per: signed "Todd Shapiro"  
Name: Todd Shapiro  
Title: Authorized Signing Officer

**2747451 ONTARIO INC.**

Per: signed "Michael Lerner"  
Name: Michael Lerner  
Title: Authorized Signing Officer