



RED LIGHT HOLLAND CORP.

ANNUAL INFORMATION FORM

For the Fiscal Year Ended March 31, 2020

January 11, 2021

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ANNUAL INFORMATION FORM

This Annual Information Form is dated as of January 11, 2021 (the “**AIF Date**”), and unless otherwise indicated, the information contained herein is dated as of the last day of the the most recently completed financial year of Red Light Holland Corp. ended March 31, 2020 (the “**Fiscal Year-End Date**”).

In this Annual Information Form, unless otherwise indicated or if the context otherwise requires, (i) “**Red Light Holland**” means Red Light Holland Corp., and where the context so requires, includes its predecessors, and (ii) the “**Company**”, “**we**”, “**us**” and “**our**” means, collectively, Red Light Holland Corp. and its subsidiaries, together with their respective predecessors (where the context so requires). All financial information and all dollar amounts in this Annual Information Form are prepared in Canadian dollars, unless otherwise indicated, and in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

MARKET AND INDUSTRY DATA

This Annual Information Form may include market, industry data, and statistical information that has been obtained from third party sources, including industry publications. Market, industry data, and statistical information are subject to variations and cannot be verified with complete certainty due to, among other things, limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Further, third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Although Red Light Holland believes that market and industry data included in this Annual Information Form is accurate and that its estimates and assumptions are reasonable, there can be no assurance as to the accuracy or completeness of such data. Except as may be reasonable in the circumstances, Red Light Holland has not taken additional steps to independently verify any of the data from third-party sources referred to in this Annual Information Form or ascertained the underlying economic assumptions relied upon by such sources. Accordingly, readers are cautioned not to place undue reliance on the market and industry data included in this Annual Information Form. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update or revise any such information or data, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENTS

Certain statements contained in this Annual Information Form, and in the documents incorporated by reference in this Annual Information Form, constitute “forward-looking information” and “forward-looking statements” (together, “**forward-looking statements**”) within the meaning of Applicable Securities Laws and are based on assumptions, expectations, estimates and projections as at the AIF Date. Forward-looking statements relate to future events or future performance and reflect Management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the Company’s anticipated future operations and business and other strategic objectives and plans;
- the Company’s plans to introduce additional product offerings in the future, including the Wisdom Truffle;

- the timeline(s) for, and expectations with respect to:
 - the harvesting, packaging, and distribution of the Second Batch within the Netherlands;
 - the commencement and completion of the build-out the Facility to obtain EU-GMP certification;
 - the completion of due diligence, and the entering into of a binding definitive agreements in respect of, the Company's proposed acquisition of SR Wholesale, Mera Life, and Psychedelic Insights;
 - the roll out of the iMedia Information Centre and the launch of the Digital Care Program;
 - the entering into, and the viability of, the Oregon Joint Venture and the Disruptive Pharma Joint Venture;
- the Company's expectations with respect to the production capacity of the Facility, costs and yields;
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results; and
- the competitive conditions of the truffles industry, and the competitive and business strategies of the Company.

Forward-looking statements are subject to certain risks and uncertainties. Although Management believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements.

Importantly, forward-looking statements are estimates reflecting Management's current expectations and beliefs, and are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, the assumptions that: (a) current and future Management will abide by the business objectives and strategies from time to time established by the Company, (b) Red Light Holland will retain and supplement its Board and Management, or otherwise engage consultants and advisors, having knowledge of the industries (or segments thereof) within which the Company may from time to time participate, (c) the Company will have sufficient working capital and the ability to obtain the financing required in order to develop the Business and continue operations, (d) the Company will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be, (e) no adverse changes will be made to the regulatory environment governing truffles, taxes and all other applicable matters in the Netherlands or any other jurisdiction in which the Company may from time to time conduct the Business, (f) the Company will be able to generate cash flow from operations, including, through the production and sale of truffles (g) the Company will be able to execute on its business strategy, as in place from time to time, (h) if and to the extent required from time to time, the Company will be able to meet the requirements necessary to obtain and/or maintain Authorizations required to conduct the Business, (i) general economic, financial market, regulatory and political conditions in the jurisdictions within which the Company operates from time to time will remain the same, (j) the Company will be able to compete in, and remain competitive within, the truffles space, (k) the Company will be able to effectively manage anticipated and unanticipated costs, (l) the Company will be able to maintain internal controls over financial reporting and disclosure, and procedures in order to ensure compliance with Applicable Laws, (m) the Company will have the financial resources to complete the harvest and fund the packaging and distribution of the Second Batch, (n) the Company will not be affected by labour shortages or delays with respect to the packaging and distributing of the Second Batch, (o) the Facility and equipment therein will continue to function properly and will not be affected by fires, floods, natural disasters, or analogous adverse events and occurrences; (p) the Initial Harvest and the Second Batch will not spoil and become waste, (q) current and future economic conditions, including the impact of COVID-19, will not negatively affect the Company and the Business, (r) the regulatory

environment will remain favourable with respect to the build-out of the Facility to obtain EU-GMP certification, (s) the Company's ability engage a consultancy firm, and/or source the materials necessary, to complete the build-out of the Facility upon terms and conditions favourable to the Company will not be materially adversely impacted by COVID-19 or other unforeseen events and occurrences, and (t) general market conditions (including, demand for EU-GMP certified truffles) will be favourable with respect to the Company's plans to obtain EU-GMP certification for the Facility.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in this Annual Information Form include:

- the Company's inability to attract and retain qualified Management to grow the Business;
- an unavailability in viable acquisition opportunities, or if available, an inability to complete debt and/or equity financings necessary to complete such acquisitions;
- unanticipated changes in economic and market conditions (including changes resulting from the COVID-19 pandemic) or in Applicable Laws;
- the impact of the publications of inaccurate or unfavourable research by securities analysts or other third parties;
- the Company's failure to complete future acquisitions or enter into strategic business relationships;
- interruptions or shortages in the supply of truffles from time to time available to warrant the Company's proposed expansion plans, including its plans to increase its market presence; and
- unanticipated changes in the truffles industry in the Netherlands which may hinder the continued growth prospects of the Company within the truffles industry within the Netherlands.

Readers are cautioned that the foregoing list of factors are not exhaustive. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements, and, in evaluating these forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "*Risk Factors*", which may cause actual results to differ materially from the results, performance or achievements of the Company expressed or implied by any forward-looking statements.

The forward-looking statements contained herein are made as of the AIF Date, and except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

FOREIGN CURRENCY INFORMATION

Certain financial figures in this Annual Information Form have been converted from Euros (€), the lawful currency of the European Union, into and have been presented in Canadian dollars. The exchange rate applicable as at the AIF Date, and applied by the Company for converting Euros into Canadian dollars, is approximately \$1.00 = €0.644.

As at the AIF Date, the Company carries on the Business substantially within the Netherlands. The Company's current exposure to exchange rate fluctuations is minimal, and to date the Company's business activities have not resulted in material exposure to foreign currency risk.

CERTAIN DOCUMENTS INCORPORATED BY REFERENCE

The following documents listed below and filed by Red Light Holland with the Canadian securities regulatory authorities are specifically incorporated by reference into, and form an integral part of, this Annual Information Form:

- the 2020 Information Circular;
- the 2020 Interim MD&A; and
- the Listing Statement.

Any statement contained in this Annual Information Form or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Annual Information Form, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Annual Information Form.

Copies of the documents incorporated by reference in this Annual Information Form may be obtained upon request in writing or by telephone from Garfinkle Biderman LLP, legal counsel to Red Light Holland, without charge at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 (Telephone: 647-204-7129, E-mail: todd@redlighttruffles.com). These documents are also available under Red Light Holland's profile on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“2020 Information Circular” means the management information circular of Red Light Holland dated October 29, 2020, prepared in connection with the annual general meeting of the shareholders of Red Light Holland held on November 30, 2020.

“2020 Interim MD&A” means the management’s discussion and analysis of Red Light Holland for the interim period ended September 30, 2020.

“Added Capital” means Added Capital Inc., a corporation existing under the laws of the Province of Ontario, as constituted prior to giving effect to the Vertical Amalgamation.

“Added Shares” means the common shares in the capital of Added Capital.

“AIF Date” has the meaning ascribed to such term on page 1 of this Annual Information Form.

“Annual Information Form” means this annual information form of Red Light Holland for the financial year of Red Light Holland ended March 31, 2020, dated January 11, 2021.

“Applicable Laws” means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Authority applicable to the Company or the Business.

“Applicable Securities Laws” means, as applicable, the securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders of each Canadian securities regulator having the force of Applicable Law and in force from time to time.

“Audit Committee” means the audit committee of the Board, as constituted from time to time.

“Authorizations” means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Government Authority or pursuant to any requirement under Applicable Law, in each case in connection with the operation of the Business.

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended from time to time, and includes any regulations made pursuant thereto.

“Board” means the board of directors of Red Light Holland, as constituted from time to time.

“Build-Out Commencement Date” means the date on which the Company commenced the build out of the Facility, in August 2020.

“Business” means the business carried on by the Company as at the AIF Date, and where the context so requires, includes the business carried on by the Company prior to the AIF Date.

“Common Shares” means the common shares in the capital of Red Light Holland.

“Company” means, collectively, Red Light Holland and its subsidiaries, and where the context so requires, includes their respective predecessors.

“COVID-19” means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

“Debtco” means Red Light Holland Debt Inc., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Added Capital.

“Debtco Amalgamation” has the meaning ascribed to such term under the heading *“General Development of the Business - Developments Subsequent to the Financial Year ended March 31, 2020 - A – Amalgamations”*.

“Debtco Shares” means the common shares in the capital of Debtco.

“E-Commerce Platform” means the advanced e-commerce platform of Red Light Holland, accessible online at “iMicrodose.nl”.

“Escrow Agreement” means the escrow agreement dated May 22, 2020 and entered into by and between Red Light Holland and TSX Trust Company.

“EU-GMP” means European Union-Good Manufacturing Practices.

“Facility” has the meaning ascribed to such term under the heading *“Description of the Business – General - The Facility”*.

“Finco” means Red Light Holland Financing Inc., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Added Capital.

“Finco Amalgamation” has the meaning ascribed to such term under the heading *“General Development of the Business - Developments Subsequent to the Financial Year ended March 31, 2020 - A – Amalgamations”*.

“Finco Shares” means the common shares in the capital of Finco.

“Finco Offering” has the meaning ascribed to such term under the heading *“General Development of the Business - Developments during the Financial Year ended March 31, 2020 - B - Finco Private Placements”*.

“Fiscal Year-End Date” has the meaning ascribed to such term on page 1 of this Annual Information Form.

“Government Authority” means any federal, national, supranational, state, provincial, local, or similar government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

“Horizontal Amalgamation” means, collectively, the Debtco Amalgamation and the Finco Amalgamation.

“iMicrodose Packs” means the truffles microdosing kits offered for sale by the Company within the Netherlands under the brand name “iMicrodose”.

“Industry Partners” means businesses and other enterprises and participants within the truffles industry involved in the production and manufacturing, packaging, marketing, sale, or distribution of truffles or one or more of the Company’s product offerings, including, but not limited to, manufacturers, third party operators of Smart Shop Retailers, and distributors.

“Initial Batch” has the meaning ascribed to such term under the heading *“Description of the Business – General - The Facility”*.

“Initial Harvest” has the meaning ascribed to such term under the heading *“Description of the Business – General - The Facility”*.

“Listing Statement” means the Canadian Securities Exchange *Form 2A - Listing Statement of Red Light Holland* dated May 25, 2020, prepared and filed under Red Light Holland’s company profile on SEDAR in connection with the listing of the Common Shares on the Canadian Securities Exchange.

“Local Rules” has the meaning ascribed to such term under the heading *“Regulatory Overview - Local Laws”*.

“Management” means the management of Red Light Holland, as constituted from time to time.

“Material Adverse Effect” means, with respect to a Person, any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to have a material adverse effect on the business, properties, assets, liabilities (including contingent liabilities), results of operations, financial performance, financial condition, or the market and trading price of the securities, of the Person and its subsidiaries, taken as a whole.

“microdosing” means the consumption or administration of low, sub-perceptual doses of a psychedelic substance, such as truffles, generally with the goal of producing a subtle, yet perceptible changes in cognitive function without producing whole-body effects or altering perception.

“McSmart” means Xena-it.nl B.V., a limited liability company formed under the laws of the Netherlands.

“New Added Capital” means Added Capital, as constituted after giving effect to the Vertical Amalgamation and change in its corporate name to “Red Light Holland Corp.”, but prior to giving effect to the Horizontal Amalgamations.

“Numco 1” means 2747439 Ontario Inc., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Added Capital, for the purpose of completing the Finco Amalgamation.

“Numco 2” means 2747451 Ontario Inc., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Added Capital, for the purpose of completing the Debtco Amalgamation.

“Numco 3” means 2747455 Ontario Inc., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Added Capital, for the purpose of completing the Vertical Amalgamation.

“OBCA” means the *Business Corporations Act* (Ontario), as amended from time to time, and includes any regulations made pursuant thereto.

“Opium Act” means the *Opium Act (Opiumwe)* (the Netherlands), as amended from time to time, and includes any regulations made pursuant thereto.

“Options” means the incentive stock options granted pursuant to the Stock Option Plan.

“Person” means, as the context requires, an individual, corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal entity.

“Phase 3” has the meaning ascribed to such term under the heading *“Description of the Business – General - The Facility - EU-GMP Certification”*.

“Preference Shares” means the voting, convertible, redeemable, preference shares in the capital of Red Light Holland.

“Red Light Holland” means Red Light Holland Corp., a corporation existing under the laws of the Province of Ontario, and where the context so requires, includes its predecessors.

“Second Batch” has the meaning ascribed to such term under the heading *“Description of the Business – General - The Facility”*.

“Scarlette Lillie Division” means the scientific and innovation division of Red Light Holland.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Smart Shops” means the brick-and-mortar retail stores authorized under Applicable Laws (where required) and located and operated within the Netherlands. Smart Shops are retail establishments focused on the sale of psychoactive substances, generally including psychedelics and truffles, as well as related literature and paraphernalia.

“Stock Option Plan” means the 10% rolling stock option plan of Red Light Holland, as amended from time to time.

“truffles” means psilocybin truffles (commonly known as “magic 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. Unless otherwise indicated, all references to “truffles” in this Annual Information Form refer to non-EU-GMP certified truffles.

“Vertical Amalgamation” has the meaning ascribed to such term under the heading *“General Development of the Business - Developments Subsequent to the Financial Year ended March 31, 2020 - A – Amalgamations”*.

“Warrants” means the common share purchase warrants of Red Light Holland.

“Wisdom Truffle” has the meaning ascribed to such term under the heading *“Description of the Business - Stage of Development of New Principal Products”*.

CORPORATE STRUCTURE

Name, Address and Incorporation

Red Light Holland was incorporated under the BCBCA on September 29, 1982, under the name “Dolphin Explorations Limited” (“**Dolphin Exploration**”). Dolphin Exploration was subsequently continued into the Province of Ontario by articles of continuance dated October 7, 1988. Prior to adopting its current corporate name, Red Light Holland had changed its corporate name on the following four occasions:

- On February 11, 1994, Dolphin Exploration filed articles of amendment to change its corporate name to “American Gem Corporation” (“**American Gem**”).
- On October 22, 1999, American Gem filed articles of amendment to change its corporate name to “Digital Gem Corporation” (“**Digital Gem**”).
- On September 29, 2000, Digital Gem filed articles of amendment to change its corporate name to “Northern Financial Corporation” (“**Northern Financial**”).
- On July 2, 2014, Northern Financial filed articles of amendment to change its corporate name to “Added Capital Inc.”.

On February 13, 2020, Added Capital completed a consolidation of the issued and outstanding Added Shares on the basis of one (1) post-consolidation Added Share for each twenty (20) pre-consolidation Added Shares issued and outstanding. Subsequently, on April 24, 2020, Added Capital completed the Vertical Amalgamation, in connection with which Added Capital filed articles of amalgamation and changed its corporate name to “Red Light Holland Corp.”

The head and registered office of Red Light Holland is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

Red Light Holland is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia. As at the AIF Date, the Common Shares are listed on the Canadian Securities Exchange, under the trading symbol “TRIP”, on the Frankfurt Stock Exchange, under the trading symbol “4YX”, and on the OTC Pink Market, under the trading symbol “TRUFF”.

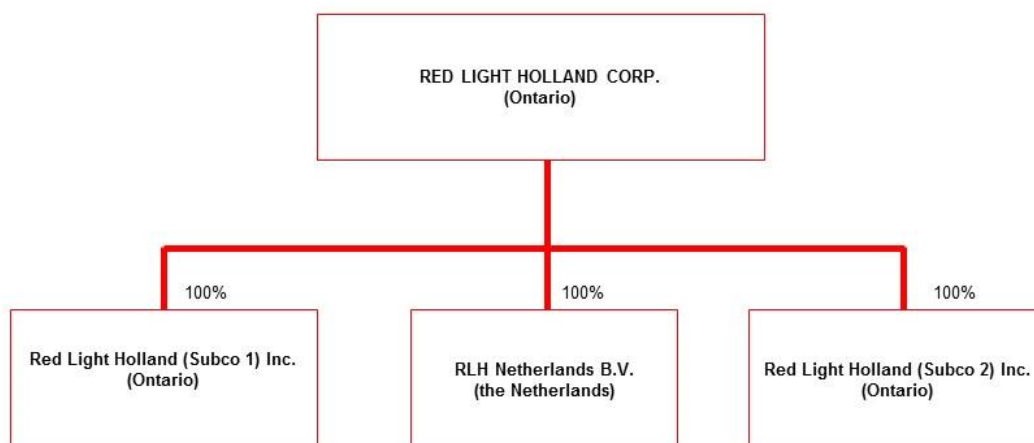
Intercorporate Relationships

As at the AIF Date, Red Light Holland has three (3) wholly-owned subsidiaries, being:

- Red Light Holland (Subco 1) Inc. (“**Subco 1**”), a corporation formed under the OBCA on May 22, 2020, pursuant to the amalgamation of Finco and Numco 1.
- Red Light Holland (Subco 2) Inc. (“**Subco 2**”), a corporation formed under the OBCA on May 22, 2020, pursuant to the amalgamation of Debtco and Numco 2.
- RLH Netherlands B.V. (“**Dutchco**”), a limited liability company formed under the laws of the Netherlands on August 5, 2020.

As at the AIF Date, Red Light Holland operates the Business primarily through Dutchco and Subco 1. Subco 2 is a non-operating subsidiary of Red Light Holland, with no material business operations or activities.

The following diagram sets out the material intercorporate relationships of Red Light Holland, as at the AIF Date:



GENERAL DEVELOPMENT OF THE BUSINESS

The following section contains a description of the general development of Red Light Holland's operations and business during the last three (3) financial years of Red Light Holland ended March 31, 2018, 2019 and 2020.

Developments during the Financial Years ended March 31, 2018 and 2019

There were no significant developments to Red Light Holland's operations or business during the financial years ended March 31, 2018 and 2019. During this two year period, Red Light Holland's predecessor, Added Capital, did not carry on any active, material business operations, and was engaged in identifying and evaluating potential business opportunities. However, during this two year period, Added Capital generated limited revenues by assisting several small-cap companies, on an *ad hoc* basis, to improve their ability to meet their growth and business targets, carry out their capital market objectives, and implement appropriate value creation strategies.

Developments during the Financial Year ended March 31, 2020

A - Incorporation of Material Subsidiaries

In October 2019, Management incorporated Finco in the Province of Ontario, as a wholly-owned subsidiary of Added Capital. Finco's incorporation represented an early step in Management's efforts to reorganize Added Capital in order to complete the Finco Offering and prepare for the listing of the Common Shares on the Canadian Securities Exchange.

In November 26, 2019, Management incorporated Debtco in the Province of Ontario, as a wholly-owned subsidiary of Added Capital. Debtco's incorporation represented an early step in Management's efforts to reorganize Added Capital in order to eliminate its short and long-term indebtedness.

B - Finco Private Placements

In December 2019, Finco completed the first tranche of a non-brokered private placement (the "**Finco Offering**"), pursuant to which Finco issued an aggregate of 13,041,166 subscription receipts of Finco (each, a "**Subscription Receipt**") at a price of \$0.06 per Subscription Receipt for gross proceeds of \$782,469.96.

In February 2020, Finco completed the second tranche of the Finco Offering, pursuant to which Finco issued an aggregate of 28,478,397 Subscription Receipts at a price of \$0.06 per Subscription Receipt for gross proceeds of \$1,708,703.82.

In March 2020, Finco completed the third and final tranche of the Finco Offering, pursuant to which Finco issued an aggregate of 24,502,967 Subscription Receipts at a price of \$0.06 per Subscription Receipt for gross proceeds of \$1,470,178.02.

The Subscription Receipts were issued pursuant to the Offering on a private placement basis, pursuant to prospectus exemptions under Applicable Securities Laws. Immediately prior to the closing of the Horizontal Amalgamations, each Subscription Receipt converted, without any further action on the part of the holder and for no additional consideration, into one (1) common share in the capital of Finco (each, a “**Finco Share**”), into an aggregate of 66,022,530 Finco Shares. Subsequently, upon the Horizontal Amalgamations becoming effective, each shareholder of Finco received one (1) Common Share in exchange for each Finco Share held. Immediately prior to completion of the Horizontal Amalgamations, Finco also issued an aggregate of 1,833,333 Finco Shares to certain qualified finders as consideration for assisting in arranging the Horizontal Amalgamations, as well as the Vertical Amalgamation.

C – Added Capital and Debtco Debt Restructuring

In January 2020, Added Capital completed a debt restructuring transaction (the “**Debt Restructuring**”), in order to eliminate its short and long-term indebtedness. Pursuant to the Debt Restructuring, Added Capital assigned to Debtco an aggregate of \$1,577,623 in debt (the “**Assigned Debt**”) owing by Added Capital to several third-party creditors. In the same month, Debtco completed a debt conversion, whereby approximately twenty (20) third-party creditors converted (i) an aggregate of \$196,562.55 of the Assigned Debt into Debtco Shares at a conversion price of \$0.005 per Debtco Share, and (ii) an aggregate of \$1,294,262.35 of the Assigned Debt into Debtco Shares at a conversion price of \$0.02 per Debtco Share. In addition, Debtco accepted subscriptions for an aggregate of \$14,583.30 for Debtco Shares at a price of \$0.005 per Debtco Share, and an aggregate of \$344,096.41 for Debtco Shares at a price of \$0.02 per Debtco Share.

D - Revive Agreement

In February 2020, Finco entered into a supply and collaboration agreement (the “**Revive Agreement**”) with Revive Therapeutics Ltd. (“**Revive**”), a specialty cannabis company incorporated under the laws of the Province of Ontario, and, as at the AIF Date, listed on the Canadian Securities Exchange. As at the AIF Date, Revive is engaged in the research, development and commercialization of novel cannabinoid-based products, and the application of its novel cannabinoid delivery technology (the “**Revive Technology**”) to fill the medical needs relating to various diseases and disorders. Pursuant to the terms of the Revive Agreement, Finco agreed to supply Revive with a consistent strain of fresh, unprocessed truffles in the future for the purpose of enabling Revive to undertake research, and develop the Revive Technology with respect to truffles and extracts therefrom. In the event Revive successfully implements the Revive Technology with the truffles purchased from Finco (or extracts therefrom), Revive and Finco agreed to negotiate with the view to enter a license agreement pursuant to which Revive will license the Revive Technology to Finco for use with products derived from truffles or their extracts.

The Revive Agreement was entered into by the parties at a point in time when Management was in the early stages of delineating Red Light Holland’s exact business plans, and in particular, with the expectation that Red Light Holland will pursue the construction of the Facility within the Netherlands, and seek to certify the constructed Facility as an EU-GMP certified facility in the truffle space. As at the AIF Date, there remains uncertainty as to the immediate and eventual impacts of the COVID-19 pandemic on the operations of Red Light Holland, and in particular, the anticipated timelines to progress with the next step in Red Light Holland’s plans to obtain EU-GMP certification for the Facility. Accordingly, there have been no developments in the arrangement with Revive since the Listing Statement, and Red Light Holland has not entered into any further contractual arrangements with Revive.

Developments Subsequent to the Financial Year ended March 31, 2020

A – Amalgamations

In April 2020, Added Capital and Numco 3 completed a vertical amalgamation under the OBCA, whereby Added Capital changed its corporate name, and continued as the surviving entity under the name “Red Light Holland Corp.” (the “**Vertical Amalgamation**”).

In May 2020, New Added Capital, Finco and Numco 1 completed a three-cornered amalgamation under the OBCA, pursuant to which Finco and Numco 1 amalgamated to become a wholly-owned, non-operating subsidiary of New Added Capital (the “**Finco Amalgamation**”). On the same day, New Added Capital, Debtco and Numco 2 also completed a three-cornered amalgamation under the OBCA, pursuant to which Debtco and Numco 2 amalgamated to become a wholly-owned, non-operating subsidiary of New Added Capital (the “**Debtco Amalgamation**”). Upon the Horizontal Amalgamations becoming effective, (i) each shareholder of Finco received one (1) Common Share in exchange for each Finco Share held, (ii) each shareholder of Debtco received one (1) Common Share in exchange for each Debtco Share held, (iii) all unexercised warrants and options of New Added Capital (collectively, the “**Added Convertible Securities**”), including compensation warrants issued to one or more qualified finders, adjusted in accordance with their terms such that, following the completion of the Horizontal Amalgamations, each Added Convertible Security entitled the holder thereof to acquire, upon exercise, one (1) Common Share, on the same terms as the applicable Added Convertible Security.

B – Scarlett Lillie Division

In June 2020, Red Light Holland established the Scarlett Lillie Division, which marked an early move by Red Light Holland to position itself to expand the Business into the medical psychedelics market in the future, at such time as market and regulatory conditions present a viable business opportunity for Red Light Holland. The Scarlett Lillie Division is expected to allow Red Light Holland to initiate and expedite various science, innovation and research activities focused on, among other things, exploring the potential medical and health benefits of psilocybin and whole fungi-medicine. As at the AIF Date, the Scarlett Lillie Division has not commenced any material operations.

For additional disclosure with respect to the Scarlett Lillie Division, please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

C – Red Light Holland Brokered Private Placement

Between June and July of 2020, Red Light Holland completed a brokered private placement (together with the final tranche of such private placement, which was completed on a non-brokered basis, the “**Brokered Private Placement**”), pursuant to which Red Light Holland issued an aggregate of 5,009,830 units of Red Light Holland (each, a “**Unit**”) at a price of \$0.165 per Unit, for gross proceeds of approximately \$5,000,000. Each Unit was comprised of one (1) Common Share and one (1) Warrant, with each Warrant entitling the holder thereof to purchase one (1) additional Common Share at an exercise price of \$0.26 at any time during a period of four 4 years from the date of issuance. Pursuant to the terms of the Warrants, Red Light Holland may accelerate the expiry date of the Warrants upon written notice to the holders thereof if, following the date that is 4 months and 1 day following the applicable date of issuance, the volume weighted average trading price of the Common Shares on the Canadian Securities Exchange equals or exceeds \$0.50 for any 10 consecutive trading days. In connection with the Brokered Private Placement, Red Light Holland paid to the agent a cash fee of \$268,137 and issued to the agent an aggregate of 1,625,073 compensation options, with each compensation option entitling the holder thereof to purchase one Unit at a price of \$0.165 per Unit, for a period of 48 months following the applicable date of issuance.

D – Virtual Reality Model and Virtual Reality Avatar

In July 2020, Red Light Holland engaged RadixMotion Inc. (“**RadixMotion**”), a virtual reality company based in the State of Delaware, to design and develop a virtual reality shopping experience module (the “**VR Module**”) intended to explain the effects of microdosing of truffles on the human brain, as well as a virtual reality avatar (the “**VR Avatar**”) centered around the Red Light Holland brand. The engagement represented a step by the Company to promote responsible use (by educating and enabling individuals to make reasoned, informed decisions with respect to truffles), and contribute to the scientific community by gathering valuable data on user experience (including of synesthesia, loss of autonomy and suggestibility) to inform further study and research in the psychedelic space.

The VR Avatar was completed in calendar Q3 2020, and as at the AIF Date, has been integrated into RadixMotion’s “Meu” platform, the first social platform based on three-dimensional human movement data. The VR Avatar is expected to assist in the Company’s larger efforts towards reducing the stigma associated with, among other things, truffles and other psychedelic substances.

The VR Module was completed in calendar Q4 2020, and was initially expected to be launched in one or more Smart Shops in calendar Q4 2020. However, effective December 15, 2020, the Government of the Netherlands imposed a lockdown within the Netherlands to address the ongoing COVID-19 pandemic, ordering the closure of all non-essential businesses within the Netherlands, including Smart Shops. As a result, the anticipated launch of the VR Module was delayed. As at the AIF Date, Red Light Holland expects to launch the VR Module in calendar Q1 2021, subject to, among other things, market demand, economic and regulatory conditions, competition, and the impact of COVID-19 on, among other things, the business objectives and operational priorities from time to time established by the Company. The VR Module is expected to educate potential consumers of the Company’s products on psilocybin and truffles, and allow consumers to experience effects intended to approximate the effects of microdosing truffles, in order to enable them to identify their personal comfort level and understand the potential effects of truffles before purchasing the Company’s products. At present, users can also opt in to provide the Company with certain user-interaction data generated in the course of users’ interaction with a “Wisdom Truffle” character within the VR Module.

For additional disclosure with respect to the VR Module and the VR Avatar (including information with respect to the costs and expenses incurred, and expected to be incurred, by the Company in connection with the development and launch of the VR Module and the VR Avatar), please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland’s profile on SEDAR at www.sedar.com.

E – Sale of Inactive Subsidiary

In September 2020, Red Light Holland completed the sale of all of the issued and outstanding securities of its wholly-owned, inactive subsidiary, Northern Securities Inc. (“**NSI**”) to a private Ontario corporation, for aggregate consideration of \$1.00. The transaction was part of Red Light Holland’s efforts to divest itself of historical payables and liabilities associated with NSI.

NSI is a corporation formed under the OBCA on September 19, 1996. Prior to December 31, 2012, NSI had carried on a traditional brokerage and investment banking business. Effective December 31, 2012, NSI ceased carrying on its brokerage business.

F – iMedia Information Centre and Digital Care Program

In November 2020, Red Light Holland engaged RadixMotion to assist the Company with the roll out of an in-store media information center (“**iMedia Information Centre**”) within Smart Shops, and the design and development of a digital care program (the “**Digital Care Program**”) intended to assist consumers in making informed choices with respect to microdosing with truffles. The engagement represented an early step by the Company to fuse modern digital technologies and healthcare, to provide consumers within the truffles space with support to make informed decisions with respect to microdosing with truffles.

The iMedia Information Centre is expected to feature the VR Module, described above, as well as a handheld tablet device featuring an augmented reality application developed to provide consumers with data and information about truffles as well as the effects of microdosing with truffles. The handheld tablet device is expected to allow users to scan the Red Light Holland logo displayed on iMicrodose Packs in order to retrieve informative relating to the truffles and the effects of microdosing with truffles.

The Digital Care Program is expected to be made available through a web application as a privacy-centric personal journal, wherein users will be able to anonymously document and track their journey microdosing with truffles. The Digital Care Program is currently being designed with the goal of providing users with value-added feedback on whether microdosing with truffles has any measurable effects on, among other things, reducing their physiological tension or influences other features of their bodily posture. The Digital Care Program will provide users with an option to opt in to share their data anonymously with the Company in order to, among other things, contribute to advancements in medical and scientific research and study.

As at the AIF Date, Red Light Holland expects to roll out the iMedia Information Centre and launch the Digital Care Program on or before the end of calendar Q1, 2021, subject to, among other things, market demand, economic and regulatory conditions, competition, and the impact of COVID-19 on, among other things, the business objectives and operational priorities from time to time established by the Company

For additional disclosure with respect to the iMedia Information Centre and the Digital Care Program (including information with respect to the costs and expenses incurred, and expected to be incurred, by the Company in connection with the development and launch of the iMedia Information Centre and the Digital Care Program), please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

G – SR Wholesale Letter of Intent

In November 2020, Red Light Holland entered into a non-binding letter of intent (the “**SR Wholesale LOI**”) with SR Wholesale B.V. (“**SR Wholesale**”), a Netherlands-based distributor of (among other things) truffles and other Smart Shop products, with an established distribution network of companies with operations in both in the Netherlands, and internationally. The SR Wholesale LOI contemplates Red Light Holland's acquisition of 100% of the equity interest in SR Wholesale, for aggregate consideration of approximately \$1,862,808, with a portion of the purchase price to be deferred and paid pursuant a convertible promissory note to be issued by Red Light Holland on closing of the transaction.

The execution of the SR Wholesale LOI marks the Company's latest, and most significant step in its efforts to grow and expand via strategic acquisitions, with the goal of emerging as a leader in the evolving truffles space. As at the AIF Date, Red Light Holland is conducting extensive due diligence on the business and operations of SR Wholesale, which is expected to be completed on or before January 31, 2021, following which, the parties expect to enter into a binding agreement in respect of the transactions contemplated in the SR Wholesale LOI.

For additional disclosure with respect to the transactions contemplated in the SR Wholesale LOI (including information with respect to the costs and expenses incurred, and expected to be incurred, by the Company in connection therewith), please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

H – Halo Labs Joint Venture

In November 2020, Red Light Holland entered into a non-binding letter of intent (the “**Halo Labs LOI**”) with Halo Labs Inc. (“**Halo Labs**”), a Canadian, vertically-integrated cannabis company engaged in the cultivation, extraction, manufacturing and distribution of cannabis flower, oils, and concentrates, in order to establish a future joint venture (the “**Oregon Joint Venture**”) to engage in the manufacturing and supply psilocybin products to licensed facilities in the State of Oregon, U.S.

The Halo Labs LOI was entered into following the passage of Ballot Measure 109 in the State of Oregon (“**Measure 109**”), whereby voters voted for the State of Oregon to progress towards becoming the first U.S. state to allow the use of psilocybin for therapeutic use. Although psilocybin remains illegal under federal U.S. laws at the AIF Date, Measure 109 authorizes the Oregon Health Authority (“**OHA**”) to establish (over the course of a 2 year period) a regulatory framework to permit the manufacture, delivery, and administration of psilocybin at supervised, licensed facilities within the State of Oregon.

As at the AIF Date, the OHA has neither established a program nor regulations to govern the sale and distribution of psilocybin products within the State of Oregon. The Oregon Joint Venture is not expected to be established until such time as the OHA has established such regulatory framework, and the market and regulatory conditions within the State of Oregon present a viable business opportunity for Red Light Holland and Halo Labs.

For additional disclosure with respect to the Oregon Joint Venture and the Halo Labs LOI (including information with respect to the costs and expenses expected to be incurred by the Company in connection therewith), please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland’s profile on SEDAR at www.sedar.com.

I – Psychedelic Insights Letter of Intent

In December 2020, Red Light Holland entered into a non-binding letter of intent (the “**Psychedelic Insights LOI**”) with Psychedelic Insights B.V. (“**Psychedelics Insights**”) to acquire a 51% interest in Psychedelic Insights, subject to the parties entering into a formal definitive agreement in respect of the proposed acquisition (the “**Psychedelics Insights Definitive Agreement**”). Psychedelic Insights is a Netherlands-based company engaged in providing psychedelic assisted therapy using truffles to individuals from across the globe.

The consideration for the acquisition is expected to be set forth in the Psychedelics Insights Definitive Agreement. However, the Psychedelic Insights LOI contemplates such consideration to be comprised of a cash payment of approximately \$233,000 (payable in equal installments over a two year period), the issuance of 200,000 Options, and a \$50,000 investment by Red Light Holland into Psychedelic Insights. As at the AIF Date, the parties have not entered into the Psychedelics Insights Definitive Agreement.

J – Disruptive Pharma Joint Venture

In December 2020, Red Light Holland entered into a non-binding letter of intent (the “**Disruptive Pharma LOI**”) with Disruptive Pharma LLC (“**Disruptive Pharma**”), a Latin America-focused pharmaceutical investment company focused on developing innovative solutions for the health and wellness industry, in order to establish a future joint venture (the “**Disruptive Pharma Joint Venture**”) to cultivate, manufacture, and commercialize truffles for the Brazilian market, and to explore other potential business opportunities. The Disruptive Pharma Joint Venture is subject to the parties entering into a formal definitive agreement in respect thereof (the “**Disruptive Pharma Joint Venture Agreement**”).

Pursuant to the Disruptive Pharma LOI, Red Light Holland and Disruptive Pharma are expected to each hold a 50% interest in an new entity to be formed to undertake Disruptive Pharma Joint Venture. The parties are expected to share equally the costs and expenses associated with the Disruptive Pharma Joint Venture, with Red Light Holland expected to be entitled to 51% of the profits generated through the Disruptive Pharma Joint Venture. As at the AIF Date, the parties have not entered into the Disruptive Pharma Joint Venture Agreement.

K – Mera Life Acquisition

In December 2020, Red Light Holland entered into a non-binding term sheet (the “**Mera Life Term Sheet**”) with Mera Life Sciences LLC (“**Mera Life**”), a company focused on developing a modern medicinal industry in St. Vincent and the Grenadines, to acquire a 100% interest in Mera Life, subject to the parties entering

into a formal definitive agreement in respect of the proposed acquisition (the “**Mera Life Definitive Agreement**”). The consideration for the acquisition is expected to be set forth in the Mera Life Definitive Agreement. However, the Mera Life Term Sheet contemplates such consideration to be comprised of approximately \$2,500,000 in Common Shares, with such shares to be subject to vesting over a one year period. As at the AIF Date, the parties have not entered into the Mera Life Definitive Agreement.

DESCRIPTION OF THE BUSINESS

General

Red Light Holland is an Ontario-based corporation engaged in the production, growth and sale of a premium brand of truffles to the legal, recreational market within the Netherlands, in compliance with Applicable Laws. As at the AIF Date, Red Light Holland’s operations are based exclusively within the Netherlands, where the Company is engaged in the sale and distribution of the *Psilocybe Galindoi* strain of truffles under a single brand, “iMicrodose”, through operators of Smart Shops, the E-Commerce Platform, and an e-commerce platform operated by McSmart, at www.tatanka.nl.

As one of Canada’s first publicly listed companies focused on the production, growth and sale of truffles, Red Light Holland continues to remain focused on rapid growth and expansion, both organically and via strategic acquisitions, with the goal of emerging as a leader in the evolving truffles space.

Red Light Holland commenced operations within the Netherlands in August 2020. Accordingly, Red Light Holland did not generate any revenues from operations during the financial year of Red Light Holland ended March 31, 2020. As at the AIF Date, Management anticipates that Red Light Holland will derive more than 80% of its revenues from the sale and distribution of truffles within the Netherlands for the financial year of Red Light Holland ending March 31, 2021.

The followings sections, which begin with an overview of the differences between truffles and magic mushrooms, are intended to provide a summary of the business and operations of Red Light Holland as at the AIF Date.

Truffles vs. Magic Mushroom

Truffles 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 (“**magic mushrooms**”). Truffles and magic mushrooms both belong to the same species of psychoactive fungi, and contain similar psychoactive substances and active compounds (such as psilocybin, psilocin and baeocystin). However, there are some key differences. First, truffles and magic mushrooms are each at a different stage of fungal development. Truffles, which grow beneath the ground, can be described as dormant fungi (which resemble walnuts) that store food reserves during periods where surrounding environmental conditions are not optimal for the above-ground growth of the mushroom part of a fungus. Truffles store food and psychoactive chemicals until the surrounding environment becomes suitable for the above-ground growth of magic mushrooms. Second, although scientific data is limited with respect to the various kinds of truffles, anecdotal reports from users of truffles usually describe milder experiences, with less pronounced hallucinations and a more preserved ability to move and socialize. Finally, the concentration of psychoactive substances and active compounds in magic mushrooms is believed to vary considerably, which could result in the potency of individual mushrooms in a particular batch of magic mushrooms to be somewhat inconsistent. On the other hand, the concentration of psychoactive substances and active compounds (and therefore, the potency) is regarded to be far more consistent in truffles, relative to magic mushrooms, which enables a more predictable dosing experience.

Strains of Truffles: *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis*

As at the AIF Date, the iMicrodose Packs are comprised of the *Psilocybe Galindoi* strain of truffles, sourced from McSmart, one of Red Light Holland’s Industry Partners within the Netherlands, and the Initial Batch

most recently harvested at the Facility, is comprised of the *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles.

The *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles are easy to cultivate, and have an approximately 0.63% to 0.90% psilocybin content, which is regarded as falling within the median range for most truffles. The *Psilocybe Mexicana*, *Psilocybe Galindoi* *Psilocybe*, and *Psilocybe Tampanensis* are believed to originate from North America. Although scientific data is limited with respect to the various strains of truffles, anecdotal reports from users of the *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles usually describe milder experiences (relative to magic mushrooms), with less pronounced hallucinations and a more preserved ability to move and socialize. Although the effects of truffles on individuals vary, depending on among other things, the particular strain of truffles and the strength of a particular dosage, as well as an individual's mood at the time of consumption, the environment within which such consumption occurs, and the impact of an individual's pre-existing health or medical conditions, anecdotal reports from users of the *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles generally describe one or more of (or a combination of) increased clarity, focus, and energy, a reduction in anxiety levels and a sense of calmness, and a general feeling of positivity and connectivity with oneself and one's environment, in each case for a temporary period.

The Company does not make any claims regarding any health, medical or therapeutic benefits, or physiological effects associated with the use or consumption of truffles.

Indoor Cultivation of Truffles

The cultivation of truffles within an indoor environment primarily requires a combination of the right soil conditions and temperature. In contrast to, for example, the indoor cultivation of cannabis (which typically requires a custom, controlled indoor environment with artificial lighting and appropriate airflow and temperature controls, among other things) truffles are relatively easier to cultivate within an indoor environment with appropriate soil conditions and controlled temperature (generally, between 21 and 24 degrees Celsius).

As at the AIF Date, Red Light Holland is engaged in the cultivation and production of truffles within the Facility, which has been fitted with appropriate heating, ventilation, and air conditioning systems to produce the optimal environment required for the indoor cultivation of truffles. Red Light Holland maintains protocols customarily employed by participants within the truffles industry within the Netherlands in order to ensure around-the-clock temperature control, which includes the deployment of on-site personnel on a regular basis to prevent disruptions to Red Light Holland's cultivation and production operations. Further, in order to comply with Applicable Laws in the Netherlands, the Company grows and cultivates its truffles in sealed, airtight bags, in a manner currently employed by existing participants in the truffles industry, in order to create a precise and controlled environment that is unsuitable for the growth of magic mushrooms (and thereby preclude the truffles from transitioning to become magic mushrooms).

Harvesting of truffles entails opening the sealed, airtight bags in order to separate the truffles from the substrate using a mesh. Following the mesh separation process, the truffles are washed to further remove any substrate from the truffles. Once all substrate is removed from the truffles, a spinner is used to help remove excess water, following which, the truffles are laid out to dry until most of the external moisture has evaporated. Once the truffles are sufficiently dry, the truffles are weighed and packaged into vacuum sealed bags and stored until the time of sale and distribution, within a refrigerator with a temperature setting between 2 to 4 degrees Celsius.

The iMicrodose Packs

As at the AIF Date, Red Light Holland's primary product offering is the iMicrodose Pack, which currently contains 15 grams of the *Psilocybe Galindoi* strain of truffles. The iMicrodose Packs are available in approximately eight (8) Smart Shops operated by third parties within the Netherlands (including McSmart), located in the municipalities of Eindhoven, Amsterdam, Rotterdam, 's-Hertogenbosch, Oss, and Tiel, as

well as on an e-commerce platform operated by McSmart, at www.tatanka.nl. The iMicrodose Packs are also offered for sale through the the E-Commerce Platform, on both a single order basis and a subscription basis, with product orders delivered to end consumers within the Netherlands through an arrangement with McSmart. Access to the E-Commerce Platform is limited to individuals over the age of 18, who may purchase the iMicrodose Packs for delivery within the Netherlands by registering and processing their order through the E-Commerce Platform.

The Facility

As at the AIF Date, Red Light Holland leases an approximately 3,000 square feet, custom built, indoor growing, production and distribution facility, in Horst, the Netherlands (the “**Facility**”). The Facility, which has been fitted with appropriate heating, ventilation, and air conditioning systems to produce the optimal environment required for the indoor cultivation of truffles, is capable of producing up to 10,000 kilograms of truffles per year.

Red Light Holland commenced growing its first batch of truffles at the Facility in August 2020, comprised of 100,000 grams of the *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles (the “**Initial Batch**”). In December 2020, Red Light Holland completed harvest of the Initial Batch, which resulted in a harvest of 85,000 grams of truffles (the “**Initial Harvest**”) -15,000 grams of truffles less than the quantity originally anticipated to be harvested by Red Light Holland. As at the AIF Date, Red Light Holland has completed internal testing and quality assurance and has allocated and sold 70,000 grams of truffles from the Initial Harvest to SR Wholesale, and has allocated the remaining 15,000 grams of truffles for further internal testing, sample packaging, and product photography. Although Red Light Holland initially anticipated that it would package and distribute the Initial Harvest within the Netherlands under the “iMicrodose” brand, amid the uncertainty inherent in prevailing market and economic conditions due to COVID-19 (which has resulted in, among other things, a temporary closure of Smart Shops within the Netherlands), the proposed sale to SR Wholesale presented Red Light Holland with a level of certainty as to the timely sale of the Initial Harvest.

In November 2020, the Company commenced growing its second crop of approximately 1,000,000 grams of the *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis* strains of truffles (the “**Second Batch**”). The Second Batch is expected to become available for harvest in calendar Q2 2021, following which the Company is expected to prepare and harvest the Second Batch for internal testing and quality assurance. Red Light Holland anticipates that the Second Batch will be allocated for packaging and distribution within the Netherlands (under the “iMicrodose” brand) and wholesale distribution, which is expected to occur as early as calendar Q2 2021, subject to, among other things, market demand, economic and regulatory conditions, competition, and the impact of COVID-19 on, among other things, the business objectives and operational priorities from time to time established by the Company. Red Light Holland may also allocate a portion of the Second Batch for potential wholesale distribution, internal testing, product photography, and/or other promotional and marketing purposes.

History of Consultations Preceding the Commencement of Operations

Prior to commencing operations at the Facility in August 2020, Red Light Holland engaged two independent consultants, between June and July of 2020 (the “**Facility Consultation Period**”), to determine the costs, timelines, and procedures associated with building-out the Facility to cultivate and produce non-EU-GMP certified truffles and obtaining EU-GMP certification for the Facility. In the course of such consultation, Red Light Holland learned that in light of the prevailing market and economic conditions and certain other factors considered by Red Light Holland (including, but not limited to, the impact of COVID-19 on general economic conditions, and in particular, the market demand for EU-GMP certified truffles), fitting the Facility for the cultivation and production of non-EU-GMP certified truffles would be in Red Light Holland’s best interest, as doing so would allow Red Light Holland to create a more immediate revenue stream as it further considered and evaluated the costs and procedures associated with building-out the Facility to obtain EU-GMP certification.

EU-GMP Certification

As at the AIF Date, the EU-GMP certification is one of the highest levels of quality certification in the world. EU-GMP are a codified set of rules and regulations established by the European Union, which provide the minimum requirements that a producer or manufacturer must meet to ensure the quality, safety and efficacy of its products, from batch to batch. EU-GMP that govern each industry may differ significantly. However, at a high level, EU-GMP are designed to prevent harm to end users, ensure that end products are free from contamination, are produced and manufactured in a proper, well-documented, traceable manner by duly qualified and trained staff.

An EU-GMP certification is neither required nor essential for Red Light Holland to continue growing and producing its brand of truffles, and as at the AIF Date, Red Light Holland continues to consider and evaluate the economic viability and benefits of proceeding with building-out the Facility to obtain EU-GMP.

In order to obtain EU-GMP certification for the Facility, Red Light Holland anticipates that it will be required to incur an additional estimated amount of up to \$1,230,769 and undertake phase 3 ("**Phase 3**"), as part of which Red Light Holland will be required to engage a further consultancy firm to, among other things, review and assess the information provided by the independent consultants during the Facility Consultation Period in order to identify and advise Red Light Holland with respect to a suitable, and cost-effective build-out plan to obtain EU-GMP certification for the Facility.

As at the AIF Date, Red Light Holland anticipates that it will commence with building-out the Facility to obtain EU-GMP certification in calendar Q1, 2021, in which case Red Light Holland expects to complete the build-out within a twelve (12) to twenty four (24) month period following the Build-Out Commencement Date (and not later than June 2022). Amid the uncertainty inherent in prevailing market and economic conditions (including the impact of COVID-19 on the market demand for EU-GMP certified truffles), there can be no assurance that Red Light Holland will commence (or if commenced, complete) Phase 3.

For additional disclosure with respect to the Facility, please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

Principal Products and Services

Red Light Holland is engaged in the production, growth and sale of a premium brand of truffles to the legal, recreational market within the Netherlands. Since commencing operations within the Netherlands, Red Light Holland has been working on rapidly establishing a strong brand identity, with the goal of positioning itself to quickly emerge as a leader in the evolving truffles space.

As at the AIF Date, the Company's primary product offering is the iMicrodose Pack, further described below. However, in an effort to promote its primary product and increase market presence, the Company has developed, or is in the process of developing, certain ancillary, value-added secondary products and services, with the goal of creating a unique technological ecosystem for the Company's customers to engage with the Company and its product offerings. As at the AIF Date, such ancillary products and services include the Virtual Reality Model and the Virtual Reality Avatar, as well as the iMedia Information Centre and the Digital Care Program. These ancillary products and services are not expected to directly generate, or account for, a material portion of the Company's anticipated future revenues, but are rather, expected to promote the Company's primary products (in order to boost sales thereof) and increase the Company's market presence.

See also the headings "*Description of the Business – General – The iMicrodose Packs*", "*General Development of the Business – Developments Subsequent to the Financial Year ended March 31, 2020 - The Virtual Reality Model and Virtual Reality Avatar*", and "*General Development of the Business – Developments Subsequent to the Financial Year ended March 31, 2020 – iMedia Information Centre and Digital Care Program*".

Sale and Distribution of the iMicrodose Packs

In September 2020, following careful market research, the Company launched its first and primary product offering, the iMicrodose Pack, under the brand name “iMicrodose”. As at the AIF Date, the iMicrodose Packs contain 15 grams of the Psilocybe Galindoi strain of truffles, and are offered for sale within the Netherlands through operators of Smart Shops, the E-Commerce Platform, and an e-commerce platform operated by McSmart, at www.tatanka.nl.

The below table sets forth the Smart Shops operated by Red Light Holland’s Industry Partners within which the iMicrodose Packs are currently offered for sale.

Municipality (in the Netherlands)	Number of Stores⁽¹⁾	Store Brand
Eindhoven,	1	House of Smart
Amsterdam	2	Tatanka ⁽²⁾
Amsterdam	2	The Headshop ⁽²⁾
Rotterdam	1	House of Smart
’s-Hertogenbosch	1	House of Smart
Oss	1	Smartshop Oss
Tiel	1	Super Smart ⁽³⁾

Notes:

(1) Effective December 15, 2020, the Government of the Netherlands imposed a lockdown to address the ongoing COVID-19 pandemic, ordering the closure of all non-essential businesses within the Netherlands (including Smart Shops). As at the AIF Date, Smart Shops within the Netherlands (including all of the below-listed Smart Shops) remain temporarily closed as a result of the government-imposed lockdown, with the lockdown expected to remain in place until January 19, 2021.

(2) Operated by McSmart.

(3) As at the AIF Date, this location is temporarily closed for renovations, which is expected to be completed in calendar Q1, 2021.

For additional disclosure with respect to the iMicrodose Packs, please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland’s profile on SEDAR at www.sedar.com. See also, the heading “*Description of the Business – General – The iMicrodose Packs*”.

Cultivation and Production Activities at the Facility

In August 2020, within 3 months of the its listing on the Canadian Securities Exchange, Red Light Holland commenced growing its first batch of truffles at the Facility, and in December 2020, Red Light Holland completed harvest of the Initial Harvest, comprised of three separate strains of truffles. As at the AIF Date, Red Light Holland has allocated and sold 70,000 grams of truffles from the Initial Harvest to SR Wholesale, and has allocated the remaining 15,000 grams of truffles for internal testing, sample packaging, and product photography.

As at the AIF Date, the Company’s cultivation and production activities are conducted exclusively within the Facility, in Horst, the Netherlands.

For additional disclosure with respect to the Facility and the Company’s cultivation and production operations, please see the 2020 Interim MD&A, which is incorporated by reference herein, and available under Red Light Holland’s profile on SEDAR at www.sedar.com. See also, the heading “*Description of the Business – General – The Facility*”.

Specialized Skill and Knowledge

All aspects of the Business require specialized skills and knowledge, including in, among other things, the growth, cultivation, marketing, and sale of truffles in accordance with Applicable Laws. As at the AIF Date, Red Light Holland’s management team is comprised of individuals (including consultants and advisors), who bring together strong, complementary skills, expertise and experience in various aspects of the truffles,

retail, wholesale, and manufacturing industries, as well as strong capital markets experience. Accordingly, Red Light Holland's management team possesses all of the key components for a successful company engaged in the truffles space, such as strong technical skills, expertise in planning and financial controls, and ability to execute on business development opportunities. Red Light Holland's experienced management team is well-positioned to implement Red Light Holland's business strategy with the view to emerging as a leader in the evolving truffles space.

Competitive Conditions

As at the AIF Date, the Netherlands is an ideal location to establish and operate a vertically integrated truffles company, primarily due to its favourable regulatory regime, and access to a strong and established consumer base for the sale of truffles. Accordingly, Red Light Holland faces, and will continue to face, intense competition from existing and new wholesalers, producers and retailers of truffles (including operators of Smart Shops), and other applicable participants in the truffles industry whose services overlap with the segment(s) of the truffles industry within which Red Light Holland may from time to time be engaged in. Some of the competitors of Red Light Holland may have greater financial resources, market access and growth, cultivation and marketing experience than Red Light Holland.

Increased competition by numerous producers, Smart Shop operators and other larger and better financed competitors (including new entrants), could have a Material Adverse Effect on the Company.

As at the AIF Date, Management believes that the Company's competition may be broadly grouped into the following three (3) key categories:

- *Vertically Integrated Competitors:* This class of competitors includes Smart Shop operators which are also able to produce truffles sold at Smart Shops owned and/or operated by such competitors or their affiliates. This class of competitors generally includes well-financed companies with an established operating history in the Netherlands, and significant scale.
- *Operators of Smart Shops:* This class of competitors includes a mix of early-stage and semi-developed, as well as established, operators of Smart Shops which are engaged exclusively in the sale and distribution of truffles. This class of competitors includes companies which may be well capitalized, with an established and longer operating history in the Netherlands.
- *Wholesalers:* This class of competitors includes a mix of early-stage and semi-developed, as well as established distributors, engaged in the wholesale distribution of truffles and other related product offerings. Some competitors within this class have the ability to white-label and distribute truffles and related product offerings under one or more proprietary or third party brands. This class of competitors also includes companies which may be well capitalized, with an established and longer operating history in the Netherlands.

As at the AIF Date, the Company's competitors are able to compete directly with the Company in the truffles industry within the Netherlands. Accordingly, in order to remain competitive, the Company will require a continued high level of investment in acquisitions, research and development, marketing and advertising, sales and client support. The Company may not have sufficient resources to pursue or maintain such activities on a competitive basis, which could have a Material Adverse Effect on the Company. However, Management believes that the experience of Management has and will continue to provide the Company with a competitive advantage in navigating the complexities of an evolving marketplace.

Stage of Development of New Principal Products

In December 2020, Red Light Holland engaged Canadian-raised industrial designer Karim Rashid (described by Time Magazine as the "most famous industrial designer in all the Americas") for the design and development of the "Wisdom Truffle" companion (the "**Wisdom Truffle**"). The Wisdom Truffle is expected to be a figurine centred around the Company's brand and produced in three different sizes, for sale across the globe. The Company's vision is to design and develop the Wisdom Truffle as a product

capable of integrating with the Company's future augmented reality application(s). In doing so, the Company hopes to introduce a product that encourages people to leave their mobile devices and virtual worlds behind, to instead, connect and experience the physical environment, to walk, go outside, exercise, and "live in the moment". Importantly, the Company expects to utilize the Wisdom Truffle to highlight a microdosing lifestyle, which is focused on promoting positivity and connection amongst people to develop an enlightened community.

As at the AIF Date, the Wisdom Truffle is at an early, concept stage, and the Company expecting to complete the design of the Wisdom Truffle and launch initial sales as early as calendar Q4 2021, subject to, among other things, market demand, economic and regulatory conditions, competition, and the impact of COVID-19 on, among other things, the business objectives and operational priorities from time to time established by the Company.

Cycles

The Business is not cyclical or seasonal. However, the Business may, from time to time, be affected by supply constraints and disruptions and seasonal variations that impact the supply of truffles from Industry Partners on which Red Light Holland is from time to time dependent on. The impact of such supply constraints and disruptions and seasonal variations on the Business and its operating results cannot be predicted at this time.

Intangible Properties

Given the early stage of the Company's development, the Business is not, at present, substantially dependent on the protection of any particular intangible property. Accordingly, as at the AIF Date, the Company does not own, and has not applied for, any trademark, copyright, patent, or other form of protection in respect of any intangible property which may be considered useful to the Business. However, as the Business grows over time, the Company's current and future intangible properties may become an important part of the Business, and among other things, enhance the Company's ability to compete in the markets within which the Company may from time to time carry on the Business. At such time, the Company intends to pursue appropriate protections for its intangible properties by seeking to obtain applicable registrations where possible, and developing and implementing operating procedures to protect trade secrets, technical know-how and other proprietary information.

As at the AIF Date, the Company's intangible properties are primarily comprised of its brand names, customer lists and relationships, unregistered trademarks, and goodwill associated with the Company's product offerings. The Company restricts access to the Company's proprietary and confidential information, to the extent possible, through the use of confidentiality and non-disclosure agreements with contractors, consultants, customers, suppliers and other Persons with which the Company may from time to time deal with.

Foreign Operations

As at the AIF Date, Red Light Holland's operations are based exclusively within the Netherlands, where Red Light Holland is currently engaged in the sale and distribution of truffles under a single brand, "iMicrodose." Red Light Holland commenced operations within the Netherlands in August 2020, and accordingly, Red Light Holland did not generate any revenues from operations during the financial year of Red Light Holland ended March 31, 2020. However, as at the AIF Date, Management anticipates that Red Light Holland will derive more than 80% of its revenues from the sale and distribution of truffles within the Netherlands for the financial year of Red Light Holland ending March 31, 2021.

Employees

Red Light Holland did not have any full-time employees, both as at March 31, 2020 and as at the AIF Date. Given its current stage of development and size, at at the AIF Date, Red Light Holland is focused on

maintaining a lean corporate structure, and accordingly, has to date utilized, and intends to utilize for the foreseeable future, independent contractors and consultants on an “as needed” basis.

REGULATORY OVERVIEW

General

The regulation of truffles and activities pertaining to truffles within the Netherlands is unlike the regulatory framework in both Canada and the United States with respect to certain controlled substances. Both Canada and the United States have implemented robust regulatory frameworks for regulating certain controlled substances, such as cannabis, and activities relating to such controlled substances that are within the jurisdiction of the respective governmental body (such as, the cultivation, distribution, sale and possession of cannabis). However, in the Netherlands, neither the federal government nor any local government has, as at the AIF Date, implemented any direct regulatory or licensing framework in respect of the cultivation, production, and sale, and recreational consumption of fresh, unprocessed truffles within the Netherlands. As such, as at the AIF Date, the Netherlands does not directly regulate the cultivation, distribution, sale and possession of fresh, unprocessed truffles, whether at the federal level or at a local level. However, to the extent truffles are subject to processing, or have transitioned in a stage of growth to become magic mushrooms, such biomatter will, at such point in time, become a controlled substance that is subject to direct federal regulation in the Netherlands under the Opium Act.

In light of the regulatory environment in the Netherlands in respect of truffles, as at the AIF Date, participants within the truffles industry within the Netherlands do not require any special licenses or other Authorizations in order to engage in the cultivation, production, distribution, and sale of truffles within the Netherlands, to the extent such activities pertain to fresh, unprocessed truffles which have not transitioned in a stage of growth to become magic mushrooms.

The Opium Act

As at the AIF Date, the Opium Act is the primary drug legislation in the Netherlands. Articles 2 and 3 of the Opium Act prohibit the possession, production, preparation, processing, selling, delivering, transporting, importing and exporting of any drug or substance listed on the schedules/lists accompanying the Opium Act (together, the “**Opium Act Lists**”), as well as preparations containing one or more of such prohibited substances. Articles 2 and 3 of the Opium Act also prohibit the above-noted activities in respect of a number of plants or parts of plants which are named in the Opium Act Lists.

Under the legislative framework of the Opium Act, and as confirmed by case law from the Supreme Court of the Netherlands (the highest court in the Netherlands), insofar as the Opium Act Lists include certain compounds and preparations but not the organic matter within which those compounds occur naturally, the prohibitions in Articles 2 and 3 of the Opium Act do not relate to unlisted organic matter (and parts thereof). As at the AIF Date, the Opium Act Lists expressly name magic mushrooms, as well as psilocin (*psilocine*) and psilocybin (*psilocybine*), both of which are substances that naturally occur within both magic mushrooms and truffles. However, the Opium Act Lists do not expressly name truffles. The consequence of this exclusion is that, in light of the legislative framework of the Opium Act, and case law from the Supreme Court of the Netherlands, Articles 2 and 3 of the Opium Act do not prohibit the cultivation, production, and sale of fresh, unprocessed truffles, but, solely to the extent that (i) the fresh truffles are not subject to further processing that results in such truffles becoming a preparation prohibited under the Opium Act, and (ii) the biomatter that is cultivated, produced, and sold as fresh truffles has not progressed to a stage in growth where the biomatter has transitioned from sclerotia (truffles), to become a magic mushroom (*paddo*). In short, the lack of direct regulation of fresh, unprocessed truffles and the cultivation, distribution, sale and possession of fresh, unprocessed truffles does not mean that activities pertaining to truffles are entirely unregulated, but rather, unregulated only to the extent that such activities pertain to fresh unprocessed truffles, which have not transitioned to a stage of growth to become magic mushrooms.

Local Laws

Although the activities of the Company and its Industry Partners within the Netherlands, insofar as they relate to cultivation, production, distribution, and sale of fresh, unprocessed truffles, may be largely unregulated by federal legislation in the Netherlands, such activities could from time to time become subject to, where applicable, non-uniform rules in the form of local ordinances and municipal by-laws (i.e. General Municipal By-Law (*Algemene Plaatselijke Verordening*)) (the “**Local Rules**”) from time to time enacted by municipalities within the Netherlands (for example, rules which require Smart Shops to be located beyond a certain specified distance from secondary schools).

The Local Rules establish general municipal rules with respect to public order and safety within a certain municipality, and stipulate, among other things, certain permit requirements for certain ordinary course activities applicable to different forms of businesses operating within a certain local municipality (such as, catering businesses, cafes, hotels, bars, etc.). For example, Local Rules applicable to the retail business sector may control, among other things, usability of public roads, opening and closing times, noise pollution, advertising and pamphlets, and shop displays.

As at the AIF Date, there are over 300 local municipalities in the Netherlands, each of which has implemented different forms of Local Rules pertaining to public order and safety to govern the general business affairs within their respective municipality. Of such municipalities, only a handful of municipalities have extended ordinary permit requirements generally applicable to certain businesses to Smart Shops. As at the AIF Date, the Company’s iMicrodose Packs are available in approximately eight (8) Smart Shops operated by third parties within the Netherlands (including McSmart), with such Smart Shops located in the municipalities of Eindhoven, Amsterdam, Rotterdam, ‘s-Hertogenbosch, Oss, and Tiel. To the knowledge of the Company after due inquiry, none of these municipalities have implemented any licensing or permit requirements applicable to Smart Shops. In light of, among other things, its prominence as a tourist hot spot, Amsterdam has, however, implemented a municipal zoning plan which is generally applicable to all businesses operating within Amsterdam (including Smart Shops) and is not specifically directed at Smart Shops.

E-Commerce

As at the AIF Date, the Netherlands has not enacted a legal or regulatory framework directly governing the promotion and offer for sale of truffles through e-commerce platforms. However, the Dutch Advertising Code Authority (*Stichting Reclame Code*) (the “**DACA**”) has implemented the *Dutch Advertising Code* (the “**Advertising Code**”), which stipulates certain rules pertaining to advertising by various businesses within the Netherlands, with certain specialized rules applying to certain types of products such as foods, alcohol and tobacco. Among its general requirements, the Advertising Code stipulates, for example, that advertising shall not be dishonest or misleading, or aggressive. The Company consulted with the DACA prior to launching the E-Commerce Platform, in the course of which consultation the Company confirmed that its advertising activities would not be strictly subject to any specific requirements in respect of its activities as they relate to the advertising and promotion of truffles. However, as at the AIF Date, the Company has adopted an ethical approach to marketing and advertising, whereby the Company voluntarily identifies and adheres to certain industry best practices which generally apply to businesses, and where possible, applies certain requirements applicable to tobacco and alcohol to the E-Commerce Platform, *mutatis mutandis*, taking care to, for example, avoid displaying, suggesting or encouraging excessive or otherwise irresponsible consumption.

Risk Exposure Resulting from Regulatory Environment

Unlike companies engaged in the cannabis industry within the United States, for example, the regulatory environment within the Netherlands as at the AIF Date does not, in and of itself, subject the Company to a heightened risk of third-party providers suspending or withdrawing services as a result of inherent uncertainty in the regulatory environment, or to a heightened risk of a regulatory body imposing restrictions on the Company’s ability to operate within the Netherlands. However, the Company continues to be subject to all of the usual risks and uncertainties of conducting operations in any given industry, including, among

others, the risk that its Industry Partners may become bankrupt, have economic or business interests or goals that are inconsistent with the Company's business interests or goals, or take actions that are contrary to instructions from the Company or to Applicable Laws, any of which can damage the Company's reputation and brand.

See the heading "*Risk Factors*", for a description of some of the risks and uncertainties to which the Company is subject.

Compliance with Applicable Laws

Prior to commencing operations within the Netherlands, the Company obtained legal advice in respect of its proposed operations in the Netherlands, and the legal requirements applicable to such operations. As at the AIF Date, the Company's operations within the Netherlands are conducted in accordance with such legal advice, and are compliant with all Applicable Laws governing such operations. To date, the Company has not received any notice of non-compliance, or received any citations or notices of violation from any governmental authority in the Netherlands which could have an adverse impact on the Company's business operations. Further, to the best of the Company's knowledge, the activities of the Company's Industry Partners (including Super Smart and all its current Industry Partners) within the Netherlands, insofar as such activities relate to cultivation, production, distribution, and sale of fresh, unprocessed truffles, are in compliance with Applicable Laws governing such activities.

The President and Chief Executive Officer of Red Light Holland are generally responsible for monitoring the operations of the Company in the Netherlands and oversee, and where appropriate participate in, local site visits by qualified professionals in order to verify the Company's compliance with Applicable Laws. Such monitoring is focused on, among other things, reviewing compliance with recordkeeping and standard operating procedures implemented by the Company from time to time, the Local Rules, and overseeing all communications with applicable regulatory bodies. The President and Chief Executive Officer of Red Light Holland also oversee random audits of all of the Company's operations, as well as the training, process validation, and problem resolution when compliance questions arise.

The Company continues to monitor industry best practice and developments within the Netherlands on an ongoing basis, and takes the following measures to ensure its continued compliance with Applicable Laws:

- The Company retains appropriately experienced legal counsel and other professionals to advise the Company and conduct the necessary due diligence to ensure that its operations and the operations of its Industry Partners comply with Applicable Laws.
- Management, together with legal counsel and other professional advisors to the Company, screen Industry Partners with which the Company proposes to establish relationships, in order to select those operators which (i) adhere to strict business practice standards satisfactory to the Company, (ii) have established adequate internal compliance mechanisms to monitor compliance with Applicable Laws (if any), and, (ii) to the extent required, possess the applicable Authorizations to carry on business operations in the Netherlands. In particular, as at the AIF Date, the Company screens Industry Partners to ensure, among other things, that each Industry Partner:
 - is duly registered with the Netherlands Chamber of Commerce, which is the official registrar of companies within the Netherlands;
 - is duly registered to pay the Value Added Tax ("**VAT**"), which is a tax that is levied in the Netherlands on most goods and services (including, the sale of truffles at a rate of 21%);
 - has an established relationship with a recognized banking institution in the Netherlands; and

- has obtained, to the extent required under the Local Rules of the applicable municipality in which an industry partner carries on business operations, the requisite permits to carry on its business operations.
- The Company reviews its products and product packaging, in consultation with appropriately experienced legal counsel and other professionals, to ensure that the products comply with Applicable Laws and contain the necessary disclaimers about the contents of the products to prevent adverse public health consequences from use.

In addition to the foregoing, the Company relies on the expertise and commitment of Management, legal advisors, and independent consultants, and to this end, consults with such personnel on an ongoing basis, as the Company may deem appropriate in the circumstances, to ensure compliance with Applicable Laws. In particular, the Company retains and consults with qualified external consultants and legal counsel in order to establish strict growth and cultivation parameters and procedures, and ensure that its cultivation and production operations comply with Applicable Laws in effect from time to time. In particular, as at the AIF Date, in order to comply with the Opium Act, the Company grows and cultivates its truffles in sealed, airtight bags, in a manner currently employed by existing participants in the truffles industry, in order to create a precise and controlled environment that is unsuitable for the growth of magic mushrooms (and thereby preclude the truffles from transitioning to become magic mushrooms). Further, in respect of the Smart Shop located in Amsterdam, the Company has reviewed the applicable municipal zoning plan, and has verified that such Smart Shop is in compliance therewith.

The Company will continue to evaluate, monitor and reassess its disclosure in respect of its operations within the Netherlands (and any related risks) on an ongoing basis, with the view to supplementing and amending such disclosure in its prospective public filings where necessary, including in the event of any government policy changes or, the introduction of new or amended guidance, laws or regulations pertaining to truffles within the Netherlands.

RISK FACTORS

The Company is subject to a number of risks. A non-exhaustive list of certain specific and general risks that Management is aware of and believe to be material to, and could affect, the business, results of operations, prospects and financial condition of the Company (the “**Non-Exhaustive List of Risk Factors**”) is attached as Schedule “A” to this Annual Information Form. When reviewing forward-looking statements and other information contained in this Annual Information Form, readers should carefully consider the Non-Exhaustive List of Risk Factors, as well as other uncertainties, potential events and industry and company-specific factors that may have a Material Adverse Effect on the Company.

The Non-Exhaustive List of Risk Factors are not a definitive list of all risk factors associated with an investment in Red Light Holland or in connection with the Business. Additional risks and uncertainties not presently known to Management or that Management does not currently anticipate will be material may impair the Company’s business operations and its operating results, and as a result could materially impact the business, results of operations, prospects and financial condition of the Company. Further, the Company operates in a rapidly evolving environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on the Business. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update or revise the Non-Exhaustive List of Risk Factors attached as Schedule “A” to this Annual Information Form or other information contained in this Annual Information Form.

DIVIDENDS AND DISTRIBUTIONS

Other than as described below, the Company has not, to date, declared or paid any cash dividends on any of its issued securities. Other than requirements imposed under applicable corporate law, there are no other restrictions on the ability of the Company to pay dividends under the articles and other constating documents of the Company.

On October 9, 2017, Added Capital paid a special dividend of \$0.002349081 to holders of record of the issued and outstanding Added Shares as at September 25, 2017, with the aggregate amount of the dividends paid being \$40,000.

As at the AIF Date, the Company does not have any intention of paying dividends in the foreseeable future. Any determination to pay any future dividends in any of the Company's issued securities will remain at the discretion of the respective board of directors and will be made based on an assessment of various factors, including, the Company's earnings, financial requirements and other conditions deemed relevant by the respective board of directors.

DESCRIPTION OF CAPITAL STRUCTURE

Red Light Holland's authorized share capital consists of an unlimited number of Common Shares without par value, and 2,000,000 Preference Shares. As at the Fiscal Year-End Date, there were 851,335 Common Shares and nil Preference Shares issued and outstanding. As at the AIF Date, there were 258,688,546 Common Shares and nil Preference Shares issued and outstanding.

Common Shares

Holders of Common Shares are entitled to one (1) vote for each Common Share held at all meetings of the shareholders of Red Light Holland, to receive dividends if, as and when declared by the Board at its discretion from funds legally available for the payment of dividends, and, upon the liquidation, dissolution or winding up of Red Light Holland, to participate rateably in any distribution of the remaining property or assets of Red Light Holland, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares of Red Light Holland ranking senior in priority to, or on a pro rata basis with, the holders of Common Shares with respect to dividends or liquidation.

The Common Shares do not carry any pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase rights, nor do they contain any sinking fund or purchase fund provisions. There are no provisions requiring a holder of Common Shares to contribute additional capital, and there are no restrictions on the issuance of additional Common Shares by Red Light Holland.

Preference Shares

Holders of Preference Shares are entitled to one (1) vote for each Preference Share held at all meetings of the shareholders of Red Light Holland, and to receive dividends if, as and when declared by the Board at its discretion from funds legally available for the payment of dividends. Upon the liquidation, dissolution or winding up of Red Light Holland, holders of the Preference Shares are entitled to receive, out of the assets and property of Red Light Holland and before any amount is paid or any of its property or assets are distributed to holders of Common Shares, an amount equal to the amount paid up on the Preference Shares together with all declared and unpaid preferential non-cumulative cash dividend thereon. Following such payment, holders of Preference Shares are not entitled to share in any further distribution of property or assets of Red Light Holland.

Holders of Preference Shares are entitled to convert Preference Shares into Common Shares (as constituted on the date of the issue of the Preference Shares) on the basis of four (4) Common Shares for each Preference Share converted. Upon notice to the holder(s) thereof, Red Light Holland may redeem the Preference Shares, in whole or in part, at any time after the fifth anniversary of their issuance, upon payment, for each Preference Share to be redeemed, of the par value thereof together with an amount equal to all accrued and unpaid, non-cumulative, preferential dividends declared thereon.

Except as described above, the Preference Shares do not carry any pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase rights, nor do they contain any sinking fund or purchase fund provisions. There are no provisions requiring a holder of Preference Shares to contribute additional capital, and except as set forth in the articles of Red Light Holland, there are no restrictions on the issuance of additional Preference Shares by Red Light Holland.

Options

Red Light Holland has in place the Stock Option Plan, which was approved by the shareholders of Red Light Holland on November 30, 2020. The Stock Option Plan provides for the issuance of Options to directors, officers, employees and consultants of the Company as an incentive to assist Red Light Holland in attaining its goal of improved shareholder value. The principal purposes of the Stock Option Plan are (i) to permit the directors, executive officers, employees, consultants and Persons providing investor relation services to participate in the growth and development of the Company through the grant of equity-based awards, and (ii) to allow Red Light Holland to reduce the proportion of executive compensation otherwise paid in cash and reallocate those funds to other corporate initiatives.

The following summary of certain terms of the Stock Option Plan is qualified, in its entirety, by the full text of the Stock Option Plan, which is included in the 2020 Information Circular incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com:

- (a) The Stock Option Plan is a “rolling” plan pursuant to which the aggregate number of Common Shares reserved for issuance thereunder may not exceed, at the time of grant, in the aggregate 10% of Red Light Holland's issued and outstanding Common Shares from time to time.
- (b) The grant date and the expiry date of an Option are the dates fixed by the Board or a committee of the board of directors to which the responsibility of approving the grant of Options has been delegated (such committee, the “**Approval Committee**”).
- (c) The period during which a particular Option may be exercised (the “**Exercise Period**”) may not exceed 5 years from the grant date of such Option. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of the expiry date (“**Stock Option Expiry Date**”). The Stock Option Expiry Date is the earliest of the date fixed by the Board or the Approval Committee, as the case may be, or the 90th day (except, in the case of Persons providing investor relations services, the 30th day) following the date the Person ceases to hold their position other than by reason of death or disability, or sooner as prescribed by the Stock Option Plan.
- (d) The exercise price at which an Option may be used to purchase a Common Share is determined by the Board or the Approval Committee, as the case may be. The exercise price may not be less than the market value for the Common Shares, and is subject to any adjustments required to secure all necessary approvals of any securities regulatory bodies having jurisdiction over the Company, the Stock Option Plan or the Option.
- (e) The number of Common Shares reserved for issuance to any one Person in any 12-month period may not exceed 5% of the outstanding Common Shares at the time of grant.
- (f) The number of Common Shares reserved for issuance to any one consultant or Person providing investor relations services to the Company, in any 12-month period, may not exceed 2% of the outstanding Common Shares at the time of grant.
- (g) The Options issued under the Stock Option Plan are not subject to mandatory vesting provisions, except that that Options granted to Persons providing investor relations services to the Company must vest in stages over not less than 12 months with no more than 25% of such Options vesting in any 3 month period.
- (h) The Options are non-assignable and not transferable, except under limited circumstances.

As at the AIF Date, Red Light Holland has an aggregate of 11,216,668 unexercised Options issued and outstanding. The following table describes the material terms of the issued and outstanding Options.

Date Issued	Description of Security	Number of Underlying Common Shares	Exercise Price	Expiry Date
May 27, 2020	Options	8,116,668	\$0.06	May 27, 2023
June 10, 2020	Options	500,000	\$0.15	June 10, 2023
June 24, 2020	Options	500,000	\$0.105	June 24, 2023
June 16, 2020	Options	150,000	\$0.085	June 16, 2023
December 1, 2020	Options	200,000	\$0.10	December 1, 2023
December 8, 2020	Options	750,000	\$0.15	December 8, 2021
December 8, 2020	Options	750,000	\$0.20	December 8, 2021
December 31, 2020	Options	250,000	\$0.315	December 31, 2023

Warrants

As at the AIF Date, Red Light Holland has an aggregate of 14,705,787 unexercised Warrants issued and outstanding. The following table describes the material terms of the issued and outstanding Warrants.

Date Issued	Description of Security	Number of Underlying Common Shares	Exercise Price	Expiry Date
May 27, 2020	Warrants	4,275,000	\$0.06	May 27, 2023
June 16, 2020	Warrants	3,283,515	\$0.26	June 16, 2024
July 16, 2020	Warrants	7,147,272	\$0.26	July 16, 2024

Broker Warrants

As at the AIF Date, Red Light Holland has an aggregate of 4,712,962 unexercised broker warrants issued and outstanding. The following table describes the material terms of the issued and outstanding broker warrants.

Date Issued	Description of Security	Number of Underlying Common Shares	Exercise Price	Expiry Date
May 28, 2020	Broker Warrants	112,500	\$0.06	May 28, 2021
May 28, 2020	Broker Warrants	500,000	\$0.06	February 7, 2022
May 28, 2020	Broker Warrants	35,000	\$0.06	February 8, 2022
May 28, 2020	Broker Warrants	576,667	\$0.06	February 9, 2022
May 28, 2020	Broker Warrants	8,500	\$0.06	February 9, 2022
May 28, 2020	Broker Warrants	230,149	\$0.06	March 13, 2022
June 8, 2020	Broker Warrants	2,545,454	\$0.165	June 8, 2024
June 16, 2020	Broker Warrants	704,692	\$0.165	June 16, 2024

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares have been listed on the Canadian Securities Exchange under the trading symbol "TRIP" since May 28, 2020. The following table sets forth a summary of the price ranges and volumes of the Common Shares traded on the Canadian Securities Exchange, for the months indicated.

Period	High	Low	Trading Volume
January 2021 ⁽¹⁾	\$0.34	\$0.285	26,577,132

December 2020	\$0.55	\$0.09	270,260,259
November 2020	\$0.125	\$0.065	39,655,608
October 2020	\$0.10	\$0.07	26,534,587
September 2020	\$0.115	\$0.065	35,692,901
August 2020	\$0.09	\$0.065	27,710,895
July 2020	\$0.105	\$0.065	43,746,337
June 2020	\$0.21	\$0.08	87,906,069
May 2020	\$0.25	\$0.16	27,038,427

Notes:

- (1) From January 1, 2021 to January 8, 2021.

In addition to being listed on the Canadian Securities Exchange, the Common Shares are listed on the Frankfurt Stock Exchange under the trading symbol “4YX”, and on the OTC Pink Market, under the trading symbol “TRUFF”.

Prior Sales

During the financial year of Red Light Holland ended March 31, 2020, Red Light Holland did not issue any securities (including, Options and Warrants), which are convertible into Common Shares but are not listed or quoted on a marketplace.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets out the securities of Red Light Holland that were, to the knowledge of Red Light Holland, subject to escrow or subject to a contractual restriction on transfer as of the end of Red Light Holland’s most recently completed financial year ended March 31, 2020.

Designation of Class	Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾
Common Shares	Nil ⁽¹⁾	N/A

Notes:

- (2) Pursuant to the Escrow Agreement, 13,958,333 Common Shares (collectively, the “**Escrowed Securities**”) were deposited into escrow in connection with the listing of the Common Shares on the Canadian Securities Exchange. Pursuant to the terms of the Escrow Agreement, 10% of the Escrowed Securities were released from escrow on the date the Common Shares were listed on the Canadian Securities Exchange, with the remaining Escrowed Securities to be released in increments of 15% every 6 months thereafter, subject to acceleration provisions provided for in National Policy 46-201 - *Escrow for Initial Public Offering*.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out certain information with respect to the directors and officers of Red Light Holland. Each of director is elected to hold office until the next annual meeting of the shareholders of Red Light Holland or until their successor is duly elected or appointed.

Name, Province and Country of Residence	Position	Principal Occupation(s) for Past Five Years ⁽¹⁾	Director or Officer Since
Todd Shapiro ⁽²⁾ (Ontario, Canada)	Chief Executive Officer & Director	Mr. Shapiro is a former broadcaster, radio host, and media personality, and former host of the "Todd Shapiro Show" on SiriusXM channel 168. He is also a director of PlantX Life Inc., which operates an e-commerce platform for plant-based products.	May 22, 2020
Kyle Appleby (Ontario, Canada)	Chief Financial Officer	Senior Officer of various public enterprises (including Nuinsco Resources Limited, Cadillac Ventures Inc., Nurcapital Corporation Ltd., and Bee Vectoring Technologies International Inc.) and Director of various public enterprises (including Captor Capital Corp.).	May 22, 2020
Hans Derix (Horst, Netherlands)	President	Founder and former Director, Sensum (a drug and alcohol rehab service based in Asia).	May 22, 2020
Shimmy Posen (Ontario, Canada)	Corporate Secretary	Mr. Posen is a partner at Garfinkle Biderman LLP, where he focuses on corporate finance, M&A and securities law, helping companies go public and raising funds in the capital markets. He acts for public and private companies, securities dealers and financial institutions on a number of public and private financings and commercial transactions.	June 4, 2020
Ann Barnes (Ontario, Canada)	Director	Ms. Barnes is presently the Chief Executive Officer of Edica Group Inc. (carrying on business as Edica Naturals), a plant-based supplement company, a position she has held since September 2015. Ms. Barnes is also the current Director and Chair, Human Resource Committee, of Earth Alive Clean Technologies, a position she has held since October 2018. Prior to that, between April 2013 to October 2017, she served as the Chairman of Peace Naturals Project Inc., a licensed cannabis producer.	May 22, 2020
Binyomin Posen ⁽²⁾ (Ontario, Canada)	Director	Mr. Posen is a Senior Analyst at Plaza Capital Limited, where he focuses on corporate finance, capital markets and helping companies to go public. After three and a half years of studies overseas, he returned to complete his baccalaureate degree in Toronto, Ontario. Upon graduating (on the Dean's List) he began his career as an analyst at a Toronto boutique investment bank where his role consisted of raising funds for IPO and RTO, business development for portfolio companies and client relations.	March 14, 2019
Brad J. Lamb ⁽²⁾ (Ontario, Canada)	Director	Mr. Lamb is the Chief Executive Officer and founder of Brad J Lamb Realty Inc. and Lamb Development Corp., and is one of Canada's most prominent real estate developers, with over 30 years of widespread experience in the real estate industry. Mr. Lamb brings a wealth of experience leading successful sales and marketing campaigns for condominium projects across major Canadian cities.	July 22, 2020

Notes:

- (1) Information with respect to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director and/or officer..
- (2) Member of the Audit Committee.

As at the AIF Date, based on Red Light Holland's review of insider reports filed with System for Electronic Disclosure by Insiders (SEDI) and from information furnished by each director and officer of Red Light Holland, the directors and officers of Red Light Holland, as a group, beneficially owned, directly or indirectly, and exercised control or direction over approximately 17,791,665 Common Shares, representing approximately 6.88% of the issued and outstanding Common Shares as at the AIF Date.

A biography of certain directors and officers of Red Light Holland is contained in the 2020 Information Circular and the Listing Statement, which are incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Other than as described below, no director or executive officer of Red Light Holland is, as at the AIF Date, or has been within 10 years before the AIF Date, a director, chief executive officer or chief financial officer of any company (including Red Light Holland), that:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that Person was acting in the capacity as director, chief executive officer or chief financial officer.

Kyle Appleby, the Chief Financial Officer of Red Light Holland, was a director of Captor Capital Corp. ("**Captor Capital**") on August 6, 2019, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Captor Capital, ordering that all trading in the securities of Captor Capital cease until the company filed (i) its audited annual financial statements for the financial year ended March 31, 2019, (ii) its management's discussion and analysis for the financial year ended March 31, 2019, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Captor Capital was revoked in full on November 6, 2019.

Mr. Appleby was also the Chief Financial Officer of Tantalex Resources Corp ("**Tantalex**") on August 19, 2020, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Tantalex, ordering that all trading in the securities of Tantalex cease until the company filed (i) its audited annual financial statements for the financial year ended February 28, 2020, (ii) its management's discussion and analysis for the financial year ended February 28, 2020, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Tantalex was revoked in full on November 13, 2020.

Bankruptcies

No director or executive officer of Red Light Holland, nor a shareholder holding a sufficient number of securities of Red Light Holland to affect materially the control of Red Light Holland:

- (a) is, as at the AIF Date, or has been within the 10 years before the AIF Date, a director or executive officer of any company (including Red Light Holland) that, while that Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the AIF Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director or executive officer of Red Light Holland, nor a shareholder holding a sufficient number of securities of Red Light Holland to affect materially the control of Red Light Holland, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Red Light Holland's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of Red Light Holland may have a conflict of interest in negotiating and concluding terms respecting the transaction. Red Light Holland's directors and officers may, from time to time, also be engaged in certain outside business interests that do not materially or adversely interfere with their duties to the Company. In some cases, Red Light Holland's directors and officers may have fiduciary obligations associated with such outside business interests, that could interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. Further, such outside business interests could require significant time and attention of Red Light Holland's directors and officers.

In addition, the Company may also become involved in other transactions which conflict with the interests of Red Light Holland's directors and the officers who may from time to time deal with Persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these Persons could conflict with those of the Company. In addition, from time to time, these Persons may be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under Applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of Red Light Holland's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with Applicable Laws, the directors of Red Light Holland are required to act honestly, in good faith and in the best interests of Red Light Holland.

PROMOTERS

Other than as described below, no Person or company has been a promoter of the Company during the two most recently completed financial years of Red Light Holland ended March 31, 2020 and 2019.

Todd Shapiro, the Chief Executive Officer and a Director of Red Light Holland, may be considered to be a promoter of the Company. Subsequent to the financial year of Red Light Holland ended March 31, 2020, Mr. Shapiro assumed a more involved role with the Company, taking the initiative in organizing and establishing the Business. As at the AIF Date, Mr. Shapiro continues to be a promoter of the Company.

As at the AIF Date, Mr. Shapiro beneficially owns, controls and directs an aggregate of 9,625,000 Common Shares (representing approximately 3.72% of the issued and outstanding Common Shares as at the AIF Date), and an aggregate of 1,200,000 Options, with each Option exercisable at an exercise price of \$0.06 and expiring on May 27, 2023. Mr. Shapiro was a former shareholder of Finco and acquired all of the Common Shares held, controlled and directed by Mr. Shapiro in connection with the Finco Amalgamation, as part of which each former shareholder of Finco, including Mr. Shapiro, received one (1) Common Share in exchange for each Finco Share held.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings or material regulatory actions to which the Company is or was a party to, or to which any of its respective property is or was the subject of, during the financial year of Red Light Holland ended March 31, 2020, and to the knowledge of Red Light Holland, no such proceedings are contemplated. From time to time, however, the Company may become subject to various claims and legal actions arising in the ordinary course of the Business.

Regulatory Actions

There were no penalties or sanctions imposed against the Company by a court relating to securities legislation, or by a securities regulatory authority, during the financial year of Red Light Holland ended March 31, 2020, and to the knowledge of Red Light Holland, no such penalties or sanctions are contemplated. Further, there are no penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision.

The Company did not enter into any settlement agreement before a court relating to securities legislation, or with a securities regulatory authority, during the financial year of Red Light Holland ended March 31, 2020.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, Red Light Holland is not aware of any material interest, direct or indirect, of (i) any Person that beneficially owns, or exercises control or direction over, directly or indirectly, more than ten percent (10%) of the voting rights attached to the Common Shares, (ii) any director or officer of the Company, or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into within the three (3) most recently completed financial years of Red Light Holland, or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares is TSX Trust Company, located at 301 - 100 Adelaide Street West, Toronto, ON M5H 4H1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there were no contracts entered into by the Company during the 12-month period ended March 31, 2020 which are material, or entered into before the 12-month period ended March 31, 2020, but are still in effect and which are required to be filed with Canadian securities regulators in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

INTERESTS OF EXPERTS

The following are the Persons or companies who were named as having prepared or certified a statement, report or valuation in this Annual Information Firm, either directly, or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the Person:

- McGovern Hurley LLP, Red Light Holland's independent auditor, has prepared an independent audit report dated July 27, 2020 in respect of Red Light Holland's audited consolidated financial statements for the years ended March 31, 2020 and 2019.

The auditor of Red Light Holland, McGovern Hurley LLP, is independent with respect to Red Light Holland, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE

Audit Committee Charter

Red Light Holland has adopted a charter (the "**Audit Committee Charter**") for the audit committee of Red Light Holland (the "**Audit Committee**"), which sets out, among other things, the composition of the Audit Committee, as well as its responsibilities, duties, principles and procedures. A copy of the Audit Committee Charter is attached as Schedule "B" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of the following members:

Name	Independence ⁽¹⁾	Financial Literacy ⁽²⁾
Binyomin Posen	Independent	Financially literate
Brad J. Lamb	Independent	Financially literate
Todd Shapiro	Not Independent ⁽³⁾	Financially literate

Notes:

- (1) Within the meaning of subsection 6.1.1(3) of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
- (2) Within the meaning of subsection 1.6 of NI 52-110.
- (3) Mr. Shapiro is the Chief Executive Officer and a Director of Red Light Holland, and is therefore not considered to be independent within the meaning of NI 52-110.

Relevant Education and Experience

All members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Red Light Holland's financial statements.

The following is a summary of the relevant education and experience of the current members of the Audit Committee:

- Binyomin Posen – Mr. Posen is a Senior Analyst at Plaza Capital Limited, where he focuses on corporate finance, capital markets and helping companies to go public. After three and a half years of studies overseas, he returned to complete his baccalaureate degree in Toronto, Ontario. Upon graduating (on the Dean's List) he began his career as an analyst at a Toronto boutique investment bank where his role consisted of raising funds for initial public offerings and reverse takeovers, business development for portfolio companies and client relations. Mr. Posen holds a B.A. in Judaic Law from Talpiot College, Toronto, Ontario.
- Brad J. Lamb – Mr. Lamb is one of Canada's most prominent real estate developers, with over 30 years of widespread experience in the real estate industry. He is the Chief Executive Officer and founder of Brad J Lamb Realty Inc. and Lamb Development Corp. Mr. Lamb brings a wealth of experience leading successful sales and marketing campaigns for condominium projects across major Canadian cities. Mr. Lamb holds a B. Sc. in Mechanical Engineering from Queens University, Kingston, Ontario.
- Todd Shapiro – Mr. Shapiro is a former top rated Sirius-XM radio show host and a seasoned marketing entrepreneur with over twenty (20) years of experience. Mr. Shapiro is one of North America's most creative brand ambassadors, having worked with recognized brand name companies such as Canopy Growth Corporation, Samsung Electronics Co., and Canada Goose Holdings Inc. He was an Honorary Chair of the Road Hockey to Conquer Cancer, the Princess Margaret Cancer Foundation, and is a dedicated supporter of the Centre for Addiction and Mental Health and the Polar Bear Foundation. Mr. Shapiro holds a B.A. in Sociology from York University, Toronto, Ontario.

External Auditor Service Fees

The aggregate fees billed by McGovern Hurley LLP, Red Light Holland's external auditor, during the financial years of Red Light Holland ended March 31, 2020 and 2019 are as follows:

	Fiscal Year ended March 31, 2020	Fiscal year ended March 31, 2019
Audit Fees	\$12,000	\$12,000
Audit-related Fees ⁽¹⁾	Nil	Nil
Tax Fees ⁽²⁾⁽³⁾	Nil	\$4000
All Other Fees ⁽⁴⁾	\$240	\$240
Total	\$12,240	\$16,240

Notes:

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Tax compliance fees for the financial year ended March 31, 2020 are based on estimated costs.
- (4) Fees for services other than disclosed in any other row, including fees related to the review of the Company's Management Discussion & Analysis.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under Red Light Holland's profile on SEDAR at www.sedar.com.

Additional information concerning the Company, including the remuneration and indebtedness, of the directors and officers of Red Light Holland, the principal holders of Red Light Holland's securities, and the

securities authorized for issuance under Red Light Holland's equity compensation plans, is contained in the 2020 Information Circular, which is incorporated by reference herein, and available under Red Light Holland's profile on SEDAR at www.sedar.com.

Additional financial information concerning the Company, including Red Light Holland's audited consolidated financial statements, the notes thereto, the auditor's report thereon and related management's discussion and analysis for the financial year of Red Light Holland ended March 31, 2020, can be found on Red Light Holland's profile on SEDAR at www.sedar.com.

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SCHEDULE “A” – NON-EXHAUSTIVE LIST OF RISK FACTORS

Impact of the COVID-19 Pandemic

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of the COVID-19 pandemic has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a Material Adverse Effect on the Company.

The duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. As at the AIF Date, it is difficult to reliably estimate the length and severity of these developments and the impact of COVID-19 on the financial results and condition of the Company and its Industry Partners. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions.

In the Netherlands in particular, effective December 15, 2020, the Government of the Netherlands imposed a lockdown to address the ongoing COVID-19 pandemic, ordering the closure of all non-essential businesses within the Netherlands. As a result, as at the AIF Date, Smart Shops within the Netherlands remain temporarily closed as a result of the government-imposed lockdown, with the lockdown expected to remain in place until January 19, 2021. In the event that the lockdown remains in place for a longer period, or the operations or development of the Company or one or more of the Company’s Industry Partners is suspended or scaled back, or the Company’s supply chains are disrupted (in the latter cases, whether as a result of the lockdown or as a result of other occurrences relating to COVID-19), such events may have a Material Adverse Effect on the Company. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a Material Adverse Effect on the Company.

In addition to the above-noted risks, the Company is subject to the additional risk that the COVID-19 pandemic, or public perception of the COVID-19 pandemic, could cause potential consumers of the Company’s product offerings to avoid public places, including Smart Shops and other retail properties, which could cause temporary or long-term disruptions in market demand for truffles, and/or the supply and delivery of truffles. Furthermore, the COVID-19 pandemic (or similar outbreaks or other public health crises) could lead to employees of the Company’s Industry Partners to avoid their places of employment, which could adversely affect the ability of the Company’s Industry Partners to adequately staff and manage their respective businesses, and in turn have a Material Adverse Effect on the Company. Finally, there is a risk that one or more orders by governmental authorities in the Netherlands could lead to the complete or partial closure of one or more Smart Shops and/or the facilities or operations of the Company and its Industry Partners for an indefinite period of time.

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 at the AIF Date subject to regulation as, for example, the cannabis industries in Canada and the United States, the Company’s operations in the Netherlands remain subject to compliance with the Opium Act, as well as other laws, regulations, and guidelines in effect from time to time enacted by applicable governmental authorities. Although the Company is, to its knowledge, in compliance with all Applicable Laws (and intends to continue to comply), there can be no assurance 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 Company.

No Assurance of Commercial Success or Profitability

The successful commercialization of the Company's brand of truffles and its future products 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 brand of truffles and other product offerings within the Netherlands, (ii) the Company's ability to supply a sufficient amount of its brand of truffles to meet market demand, and (iii) the number of competitors from time to time competing with the Company within the Netherlands. As the Company continues to grow and expand its operations within the Netherlands, there is a risk that the Netherlands truffles industry may become increasingly competitive in all its phases, and in particular as a result of the possibility that new entrants (including from jurisdictions outside of the Netherlands) could attempt to mirror the Company's business model and establish operations in the Netherlands. 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 brand of truffles and future products. Further, there can be no assurance that consumer demand for the Company's truffles and other 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 Q2 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, and 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 Annual Information Form and any failure to successfully address such risks could have a Material Adverse Effect on the Company.

No Profits or Significant Revenues

Red Light Holland has limited history upon which to evaluate its performance and future prospects. The Company's current operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as the Company makes significant investments in research, development and product opportunities, and reacts to developments in its market, including purchasing patterns of customers, and the entry of competitors into the market. Red Light Holland will only be able to pay dividends on any shares once its directors determine that it is financially able to do so.

Difficulty to Forecast

Red Light Holland 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 Company.

Unfavourable Publicity or Consumer Perception

The Company's success within the truffles space 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 favourable to the truffles space 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 Company.

Reliance on Key Personnel

Red Light Holland's success has depended, and will continue to depend, on the efforts and talents of its executives and consultants, including its Chief Executive Officer, and its ability to attract, develop, motivate and retain highly qualified and skilled executives, staff and consultants. Qualified individuals are in high demand, and Red Light Holland may incur significant costs to attract and retain them. In addition, the loss of any of Red Light Holland's senior management or key personnel 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 personnel or the inability to find and retain new key personnel could have a Material Adverse Effect on the Company.

Reliance on a Single Facility

The Company's cultivation and production activities are conducted exclusively within the Facility, which is located in Horst, the Netherlands, and the Company anticipates that such activities will continue to be conducted within the Facility for the foreseeable future. The Company's operation and the condition of the Facility is, and will be, subject to hazards inherent in the truffles industry, including structural or equipment defects, malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the Facility. Any adverse changes or developments (whether in the Netherlands generally or within the Facility) affecting the Facility could have a material and adverse effect on the Company's ability to continue to cultivate and produce its brand of truffles, and could have a Material Adverse Effect on the Company.

Difficulty in Obtaining, or Unviability in Pursuing, EU-GMP Certification of Facility

Red Light Holland's business objectives include obtaining EU-GMP certification for the Facility, in order to enable the Company to grow and sell EU-GMP certified truffles within the Netherlands. However, as at the AIF Date, in light of among other things the existing uncertainty brought about by COVID-19, Red Light Holland is further considering and evaluating the economic viability and benefits of proceeding with building-out the Facility in order to obtain EU-GMP certification for the Facility.

As discussed elsewhere in this Annual Information Form, in order to complete the EU-GMP certification for the Facility, Red Light Holland must undertake Phase 3, as part of which Red Light Holland must engage a consultancy firm to, among other things, obtain a build-out plan that is tailored to suit the Company's business objectives at the time of such consultation process, as the same may exist in light of the impact of COVID-19 on, among other things, the Company's specific business objectives in respect of, and the reasons for, the EU-GMP certification for the Facility, as well as the then prevailing market and competitive conditions in respect of such objectives. Although obtaining EU-GMP certification for the Facility could potentially provide the Company with a competitive edge, by enabling it to cultivate and sell EU-GMP certified truffles, there can be no guarantee that Red Light Holland will commence Phase 3, or that, if Phase 3 is commenced, that Red Light Holland will be successful in obtaining EU-GMP certification for the Facility. In particular, as at the AIF Date, there is a heightened risk that Management may ultimately determine that it is not in the best interest of the Company to pursue EU-GMP certification for the Facility. In the event that Management determines not to obtain, or pursues but fails to obtain, EU-GMP certification for the Facility (including as a result of factors beyond the control of the Company), any such decision or failure could have a Material Adverse Effect on the Company. Further, in the event that the Company is successful in obtaining EU-GMP certification for the Facility, any failure to comply with the requirements of the EU-GMP certification or any failure to maintain the conditions and requirements associated with such EU-GMP certification could have a Material Adverse Effect on the Company.

Liability, Enforcement Complaints, etc.

As a company engaged in the truffles industry within the Netherlands, the Company 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 could consume a considerable amount of financial and

other corporate resources and the time of Management, and could have a Material Adverse Effect on the Company.

Reliance on Operations in Foreign Jurisdictions

As at the AIF Date, the Company's operations are conducted exclusively within the Netherlands. As such, the Company's 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 is 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, 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. Management 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.

Third Party Transportation

The Company may from time to time rely on its Industry Partners to provide transportation and delivery services to distribute its product offerings. The Company is exposed to the inherent risks associated with relying on third party transportation service providers, including logistical problems, delays, loss or theft of product and increased shipping costs. Any delay in transporting the product, breach of security or loss of product, could have a Material Adverse Effect on the Company.

Social Media

Over the past decade, there has been a significant increase in the use of social media platforms and similar channels which provide individuals with access to a broad audience of consumers and other interested persons. Today, the availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. Any information posted about the Company may be adverse to the Company's interests or may be inaccurate, each of which may harm the Company's business, financial condition and results of operations.

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 Company.

Unknown Health Impacts

There may be unknown health impacts associated with the use of truffles and products derived from truffles. As at the AIF Date, there is minimal data and few studies on the short-term and long-term effects of the

consumption or use of truffles on human health, whether used for recreational or medicinal purposes. As such, as is the case with analogous businesses engaged in the cannabis industry, for example, there are inherent risks associated with consumption of the Company's product offerings, including the truffles within the iMicrodose Packs. The Company's product offerings should be consumed with care, and as directed on the packaging and associated product information accompanying the Company's product offerings, including the iMicrodose Packs. Consumers should never modify truffles or add any other substances to truffles as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from the human consumption of truffles may occur and consumers should consume truffles at their own risk or in accordance with the direction of a health care practitioner.

Product Viability

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 Company.

Product Recalls

The Company's brand of truffles 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 amount of sales 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 Company.

Competitive Conditions

The Netherlands is an ideal location to establish and operate a vertically integrated truffles company, primarily due to its favourable 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 Smart Shop 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 Smart Shop operators. Although reliable data is limited, the Company believes that, as at the AIF Date, there are at least two (2) major producers of truffles within the Netherlands, and more than one hundred (100) Smart Shop 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 Company.

Factors which may Prevent Realization of Growth Targets

Red Light Holland's business is in the development stage. Accordingly, there is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that the Company may not have sufficient truffles and/or future products available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these Risk Factors and the following:

- failure, or delays in, obtaining, or satisfying conditions from time to time imposed by, regulatory approvals;
- non-performance by third party Industry Partners;
- increases in materials or labour costs;
- breakdown, aging or failure of equipment or processes;
- third party or operator errors;
- operational inefficiencies;
- disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and/or
- major incidents and/or catastrophic events such as fires, explosions or storms.

Red Light Holland may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this Annual Information Form.

Additional Financing

The continued development of the Business may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Company's current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Common Shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase Red Light Holland's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Red Light Holland to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. Red Light Holland may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict Red Light Holland's ability to pursue its business objectives.

Early Stage of the Industry and Growth

The truffles space is in a nascent stage. Unforeseen and unanticipated changes in, or introduction of, laws and regulations in the Netherlands and jurisdictions within which the Company may from time to time be engaged in could have a material adverse effect on the Company's ability to successfully establish its business and market its premium brand of truffles. The truffles space may also be subject to rapid and sustained growth and development, resulting in a variety of competitors and companies entering the market, which could have a material adverse effect on the Company's ability to attract and retain staff and consumer support for its product offerings.

Liquidity and Future Financing

Red Light Holland is in its early stage of development and has not yet generated meaningful revenue and will likely operate at a loss until such time as its business becomes established. Although Red Light Holland has, as at the AIF Date, sufficient capital to fund its ongoing business development and future growth and expansion plans for the foreseeable future, Red Light Holland may in the future require additional financing in order to fund such purposes. Red Light Holland's ability to secure any such required financing will depend, in part, upon investor perception of Red Light Holland's ability to build and maintain a successful business, as well as other factors beyond Red Light Holland's control. There can be no assurance that Red Light Holland will be able to successfully obtain additional financing, or that future financing will occur on terms satisfactory to Red Light Holland and/or its shareholders. If adequate funds are not available to Red Light Holland, or are not available on acceptable terms, Red Light Holland may be required to scale back its business plan or cease operating. Future financing conducted by issuing securities of Red Light Holland may result in shareholders suffering additional dilution.

Costs of Operating as Public Company

As a public company, Red Light Holland will incur significant legal, accounting and other expenses. As a public company, Red Light Holland is subject to various securities rules and regulations, which impose various requirements on Red Light Holland, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. Management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase Red Light Holland's legal and financial compliance costs and make some activities more time-consuming and costly.

Unpredictable and Volatile Market Price for Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Red Light Holland's including the following:

- actual or anticipated fluctuations in Red Light Holland's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of Red Light Holland's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to Red Light Holland or from a lack of market comparable companies; and/or
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Red Light Holland's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of Common Shares may decline even if Red Light Holland's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

Dependence on Third Parties

As a company in its early stage of development, 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 at the AIF Date, the Company has established working relationships with four (4) Industry Partners in the truffles industry within the Netherlands, and to date, the Company's relationships with McSmart, Super Smart, SR-Wholesale B.V. and the operator of a Smart Shop under the name "House of Smart" have been a significant contributor to its ability to introduce its brand of truffles within the Netherlands. In particular, as at the AIF Date, the Company's brand of truffles is sold exclusively 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 Smart Shops and cultivation and production facilities. In the event that one or more of the Company's Industry Partners were to cease providing the Company with an adequate supply of truffles or cease distributing the Company's brand of truffles through their own dedicated Smart Shops, any such occurrence could have a Material Adverse Effect on the Company.

There can be no assurance that the Company will be able 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 with will continue to meet the Company's business needs from time to time, on a timely basis, or at all.

Future Expansion Efforts

There can be no assurance that the Company's current expansion strategy will be completed in the currently proposed form, if at all, nor can there be any guarantee that the Company will be able to expand into one or more additional jurisdictions in the future outside of the Netherlands. Any such expansion will require, among other things, various Authorizations, and there can be no assurance that the Company will be successful in obtaining any or all required Authorizations in a timely fashion, or at all, and accordingly, there can be no assurance that the Company will be able to complete any such expansion as anticipated or at all. Any failure to successfully execute on the Company's expansion strategy could have a Material Adverse Effect on the Company.

In addition, the proposed build-out the Facility in order to obtain EU-GMP certification is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Company's control, including the failure to obtain the requisite Authorizations, delays in the delivery or installation of equipment by the Company's suppliers, difficulties in integrating new equipment within the Facility, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for the proposed build-out may exceed the Company's allocated budget(s). Any one or more of construction delays, cost overruns, changes in market circumstances or other factors could have a Material Adverse Effect on the Company.

Reliance on Informal Arrangements

As at the AIF Date, the Company has not entered into any binding written agreements with a majority of its existing Industry Partners. Instead, the Company's present business relationships with a majority of its 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 more easily. Any such termination could have a Material Adverse Effect on the Company.

Future Sales of Common Shares by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell such Common Shares, could reduce the market price of the Common Shares. Holders of Options to purchase Common Shares will have an immediate income inclusion for tax purposes when they exercise their Options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of Options in the same year that they exercise their Options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by Management and the Company's consultants and/or employees, as applicable.

Failure to Maintain Listing

As at the AIF Date, the Common Shares are listed on the Canadian Securities Exchange, under the trading symbol "TRIP", on the Frankfurt Stock Exchange, under the trading symbol "4YX", and on the OTC Pink Market, under the trading symbol "TRUFF". Red Light Holland must meet continuing listing standards to maintain the listing of the Common Shares on the Canadian Securities Exchange, the Frankfurt Stock Exchange, and the OTC Pink Market. In the event that Red Light Holland fails to comply with such listing standards and the Canadian Securities Exchange, the Frankfurt Stock Exchange, and/or the OTC Pink Market delists the Common Shares, the Company and its shareholders could face significant material adverse consequences, including, but not limited to: (i) a limited availability of market quotations for the Common Shares, (ii) reduced liquidity for the Common Shares, (iii) a limited amount of news and analyst coverage of Red Light Holland, (iv) a decrease in the Company's ability to issue additional equity securities or obtain additional equity or debt financing in the future. As a public company, the Business is subject to evolving corporate governance and public disclosure requirements under Applicable Laws, which may from time to time increase both the Company's compliance costs and the risk of non-compliance, all of which could have a Material Adverse Effect on the Company.

Enforcement of Legal Rights

In the event of a dispute arising from the Company's operations within the Netherlands, the Company may be subject to the exclusive jurisdiction of the courts of the Netherlands or may not be successful in subjecting foreign Persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of Applicable Securities Laws. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Uninsured or Uninsurable Risk

The Company may be subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's ordinary business activities. Payment of liabilities for which the Company does not carry insurance could have a Material Adverse Effect on the Company.

Accounting Policies and Internal Controls

Red Light Holland prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, Management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, Red Light Holland continues to assess its internal control systems for financial reporting on an ongoing basis. Although Red Light Holland believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, there may be circumstances where such safeguards may be ineffective.

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SCHEDULE "B" – AUDIT COMMITTEE CHARTER

(See attached)

RED LIGHT HOLLAND CORP.

(the "Corporation")

CHARTER OF THE AUDIT COMMITTEE

Mandate

To assist the board of directors of the Corporation in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the code of conduct.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its mandate. It is empowered to:

- Retain outside counsel, accountants or others to advise the committee.
- Seek any information it requires from employees – all of whom are directed to co-operate with the committee's requests – or external parties.
- Meet with the Corporation's officers, external auditors or outside counsel and review Corporation books and records, as necessary.

Composition

The audit committee will consist of three members of the board of directors. The board will appoint committee members and the committee chair. In the absence of the chair at any particular meeting, the other committee members shall appoint a member for such purpose. Any member of the committee may be removed or replaced at any time by the board and shall cease to be a member of the committee upon ceasing to be a director. Subject to the foregoing, each member of the committee shall hold office as such until the next annual meeting of shareholders.

Subject to applicable exemptions, each committee member will be both independent of management and is an unrelated director, and shall be able to read and understand a balance sheet, an income statement and a cash flow statement. At least one member shall have accounting or related financial expertise, which shall be defined as having sufficient experience, in the opinion of the board, to be able to appreciate the significance of the information in the financial statements.

Meetings

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference; however, two members of the audit committee, present in person or via teleconference, will constitute a quorum. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and meetings with management. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared by the secretary of the committee (who shall be appointed from among its members and may include the chair of the committee). Subject to the foregoing, the times of meetings and the places where meetings of the committee shall be held and the calling of, and procedures at, such meetings shall be determined from time to time by the committee, provided that meetings shall be convened with the auditors of the Corporation whenever requested by them in accordance with the *Business Corporations Act* (Ontario) and generally accepted auditing standards. Meetings with the Corporation's auditors shall, in any event, occur at least annually and with the Corporation's management, at least four times a year.

Duties

The committee will carry out the following duties in furtherance of its mandate:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understanding their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered, and resolving disagreements between management and the external auditors regarding financial reporting.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report (including annual management discussion and analysis) and related securities regulatory filings (including the annual information form) before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters which the external auditors communicate to the committee pursuant to generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of external auditor involvement.
- Review interim financial reports (including interim management discussion and analysis) with management and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Internal Control

- Consider effectiveness of the Corporation's internal control over the conduct of financial transactions and over annual and interim financial reporting, including information technology security and control.
- Understand the scope of external auditors' review of internal control over the conduct of financial transactions and over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

External Audit

- Review the external auditors' proposed audit scope and approach.
- Review the performance of the external auditors, and exercise final approval on the recommended appointment or discharge of the auditors, who are ultimately accountable to the board and the audit committee as representatives of shareholders.
- Review and confirm the independence of the external auditors by obtaining written statements, at least annually, from the auditors on all relationships between the auditors and the Corporation, including non-audit services, and the fees paid or payable with respect thereto, and discussing the relationships with the auditors.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditors, delegate a member of the committee to perform such pre-approval function, or establish policies and procedures with respect to the provision of non-audit services in accordance with applicable law.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee

or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system of monitoring compliance with laws and regulations relating to financial reporting and securities law matters and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Corporation personnel, and for monitoring compliance therewith.
- Review the procedures relating to the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential submissions by employees of concerns regarding questionable accounting or auditing matters.
- Obtain regular updates from management and Corporation's legal counsel regarding compliance with laws and regulations relating to financial reporting and securities law matters and other matters that may have a material impact on financial statements.

Reporting Responsibilities

- Regularly report to the board of directors about committee activities, issues and related recommendations.
- Provide an open avenue of communication between the external auditors and the board of directors.
- Review any other reports the Corporation issues that relate to committee responsibilities.
- Other Responsibilities
- Perform other activities related to this charter as requested by the board of directors and as required by law.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditors.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

Limitations

While the committee has the responsibilities and powers set forth in this charter, it is not the duty of the committee to plan or conduct audits or to determine that generally accepted accounting principles have been utilized in generating the Corporation's financial statements. This is the responsibility of management and the independent auditor. Nor is it the duty of the committee to conduct investigations or to assure compliance with laws and regulations and the business conduct guidelines of the Corporation.