RED LIGHT HOLLAND CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020

(Expressed in Canadian Dollars)

RED LIGHT HOLLAND CORP.
Condensed Interim Consolidated Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)
As at June 30, 2021 and March 31, 2021

	June 30, 2021	March 31, 2021
ASSETS		
CURRENT		
Cash and cash equivalents	$ 30,138,612	$ 31,185,487
Accounts receivable	317,907	186,057
Sales tax receivable	383,973	346,450
Marketable securities (Note 6)	1,478,976	1,595,571
Prepaid expenses and deposits	177,386	122,888
Finished goods inventory	442,487	438,495
TOTAL CURRENT ASSETS	32,939,341	33,874,948
NON-CURRENT ASSETS		
Property and equipment (Note 7)	123,973	121,942
Right of use asset (Note 11)	143,416	149,749
Intangible assets (Note 8)	5,724,687	1,203,887
Goodwill (Note 8)	944,570	944,570
TOTAL ASSETS	$ 39,875,987	$ 36,295,096
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 15)	$ 1,146,959	$ 1,072,392
Lease liability – current portion (Note 12)	52,146	52,146
TOTAL CURRENT LIABILITIES	1,199,105	1,124,538
NON-CURRENT LIABILITIES		
Lease liability (Note 12)	95,294	100,465
Convertible debenture (Note 10)	727,800	713,886
Deferred tax liability	301,156	301,156
TOTAL NON-CURRENT LIABILITIES	1,124,250	1,115,507
TOTAL LIABILITIES	2,323,355	2,240,045
SHAREHOLDERS' EQUITY		
Share capital (Note 11(a))	35,689,147	31,221,429
Warrants (Note 11(e))	10,985,019	11,016,132
Contributed surplus	5,106,577	2,598,334
Accumulated other comprehensive income	(7,457)	(15,948)
Accumulated Deficit	(14,220,654)	(10,764,896)
TOTAL SHAREHOLDERS' EQUITY	37,552,632	34,055,051
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 39,875,987	$ 36,295,096

PROVISIONS, COMMITMENTS AND CONTINGENCIES (Note 13)
SUBSEQUENT EVENTS (Note 21)

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

RED LIGHT HOLLAND CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)
(Expressed in Canadian Dollars)
For the three months ended June 30, 2021 and 2020

	2021	2020
REVENUE	$ 595,137	$ -
COST OF SALES	499,407	-
GROSS PROFIT	95,730	-
OPERATING EXPENSES		
General and administrative (note 17)	1,022,023	610,363
Share based payments	2,555,818	883,718
Interest expense	21,760	-
	(3,599,601)	(1,494,081)
LOSS BEFORE OTHER ITEMS	(3,503,871)	(1,494,081)
OTHER ITEMS		
Realized gain on sale of marketable securities (Note 6)	93,823	110,124
Unrealized change in fair value of marketable securities (note 6)	(48,808)	528,000
Foreign exchange gain	74	-
Change in fair value of convertible debenture	(13,914)	-
Interest income	16,938	1,812
Net loss	(3,455,758)	(854,145)
Foreign currency translation	8,491	-
NET LOSS AND COMPREHENSIVE LOSS	$ (3,447,267)	$ (854,145)
LOSS PER SHARE – Basic and diluted (Note 11(d))	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted (Note 11(d))	334,059,100	80,925,926

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

RED LIGHT HOLLAND CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in Canadian Dollars)
For the three months ended June 30, 2021 and 2020

	Common Shares #	Common Shares $	Shares to be Issued $	Warrants $	Contributed Surplus $	Accumulated Other Comprehensive Loss $	Deficit $	Shareholders' Equity (Deficiency) $
Balance, March 31, 2020	**851,335**	**4,016,634**	**1,849,535**	**260,972**	**1,848,632**	**-**	**(9,120,068)**	**(1,144,295)**
Shares issued on amalgamations	193,004,469	5,260,314	(1,849,535)	193,730	-	-	-	3,604,509
Shares issued per consulting agreements	3,000,000	180,000	-	-	-	-	-	180,000
Warrants issued per consulting agreements	-	-	-	448,557	-	-	-	448,557
Units issued on closing of private placement	23,215,333	2,076,130	-	1,754,400	-	-	-	3,830,530
Share issue costs	-	(469,907)	-	126,970	-	-	-	(342,937)
Exercise of warrants	500,000	49,943	-	(19,943)	-	-	-	30,000
Share based payments	-	-	-	-	255,161	-	-	255161
Net loss and comprehensive loss	-	-	-	-	-	-	(854,145)	(854,145)
Balance, June 30, 2020	**220,571,137**	**11,113,114**	**-**	**2,764,686**	**2,103,793**	**-**	**(9,974,213)**	**6,007,380**
Balance, March 31, 2021	332,888,764	31,221,429	-	11,016,132	2,598,334	(15,948)	(10,764,896)	34,055,051
Exercise of warrants (Note 13(e))	600,000	67,113	-	(31,113)	-	-	-	36,000
Exercise of stock options	916,668	102,575	-	-	(47,575)	-	-	55,000
Shares issued on acquisitions	13,992,064	4,298,030	-	-	-	-	-	4,298,030
Share based payments	-	-	-	-	2,555,818	-	-	2,555,818
Net loss and comprehensive loss	-	-	-	-	-	8,491	(3,455,758)	(3,477,267)
Balance, June 30, 2021	**348,397,496**	**35,689,147**	**-**	**10,985,019**	**5,106,577**	**(7,457)**	**(14,220,654)**	**37,552,632**

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

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)
For the three months ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	$ (3,455,757)	$ (854,145)
Items not affecting cash:		
Unrealized change in fair value of marketable securities	48,808	(528,000)
Change in fair value of debenture	13,914	
Amortization and depreciation	99,563	-
Interest and accretion	2,049	-
Share based payments	2,555,818	883,718
Realized gain on sale of marketable securities	(93,823)	(110,124)
Foreign exchange loss	8,491	
Movements in working capital:		
Accounts receivable	(121,684)	-
Sales tax receivable	(37,523)	(101,164)
Inventory	2,391	-
Prepaid expenses	(54,498)	(331,392)
Accounts payable and accrued liabilities	(127,968)	193,369
Cash flows (used in) operating activities	(1,160,219)	(847,738)
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	161,610	150,124
Acquisition of Radix Motion	(70,500)	-
Acquisition of Happy Caps	(38,290)	-
Acquisition of property and equipment	(6,405)	-
Acquisition of intangible assets	(16,852)	-
Cash held in escrow	-	(1,804,290)
Cash flows (used in) investing activities	29,563	(1,954,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of common shares in subsidiary	-	24,772
Proceeds from issue of common shares and warrants	-	3,830,530
Costs of issuance	-	(342,937)
Exercise of warrants	36,000	30,000
Exercise of options	55,000	-
Lease payments	(7,219)	-
Cash flows from financing activities	83,781	3,542,365
CHANGE IN CASH	(1,046,872)	4,649,041
CASH, BEGINNING OF PERIOD	31,185,487	1,963,492
CASH, END OF PERIOD	$ 30,138,612	$ 6,612,533

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Red Light Holland Corp. ("RLHC" or the "Company") is establishing itself as a producer and distributor of its premium brand of psilocybin truffles within the Netherlands. The Company is governed by the Business Corporations Act (Ontario). The address of its registered office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada, M5C 2V9. On May 22, 2020, the Canadian Securities Exchange (the "CSE") provided the Company with approval to list its common shares and the Company commenced trading on May 28, 2020 under the ticker symbol "TRIP" (the "CSE Listing").

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as "COVID19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Please see note 20 for the impact on the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These unaudited interim condensed interim consolidated financial statements should be read in conjunction with the Company's March 31, 2021 audited annual consolidated financial statements.

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

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 30, 2021.

Principles of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These consolidated financial statements include the accounts of the Company and all its subsidiaries with its principal subsidiaries being RLH Netherlands BV ("RLH NL"), Red Light Holland (Subco 1) Inc. ("Finco"), SR Wholesale BV ("SR") and Red Light Holland (Subco 2) Inc. ("Debtco"). Intercompany accounts and balances are eliminated upon consolidation.

Name of subsidiary	Country of Incorporation	Functional Currency	2021 Percentage Ownership	2020 Percentage Ownership
RLH Netherlands BV	Netherlands	EURO	100%	-
Red Light Holland (Subco 1)	Canada	CAD	100%	100%
Red Light Holland (Subco 2)	Canada	CAD	100%	100%
SR Wholesale BV	Netherlands	EURO	100%	-
Red Light Acquisition Inc.	United States	USD	100%	-
Radix Motion Inc.	United States	USD	100%	-
4316747Nova Scotia Limited (Happy Caps)	Canada	CAD	80%	-
Northern Securities Inc.	Canada	CAD	-	100%

Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical accounting judgements and estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements and estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

These critical judgements and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

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

Assessment of Cash Generating Units

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). The Company applies judgement in assessing the smallest group of assets that comprise a single CGU. The Company has three CGU's being the RLN Netherlands BV (sale of iMicrodose kits), Red Light Holland (Subco 1) (sale of merchandise), and SR wholesale (wholesale of psychedelics and cannabis related products).

Assessment of useful lives of property and equipment, right-of-use assets and intangible assets

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

Assessment of indicators of impairment

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

Goodwill impairment

Goodwill impairment testing requires management to estimate the recoverable amount of the CGU to which goodwill has been allocated. On an annual basis, the Company tests whether goodwill is impaired, based on an estimate of its recoverable amount.

Current and deferred taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Equity-settled share-based payments

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

Fair value of convertible debenture

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

Leases

a. Identifying whether a contract includes a lease

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

b. Incremental borrowing rate

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

c. Estimate of lease term

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities including assessing the fair value of any favourable or unfavorable lease terms. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

(b) Accounting policies

The accounting policies applied in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's March 31, 2021 annual financial statements, except for the adoption of new standards and interpretations as of April 1, 2021.

Future accounting standards

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1): The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place at the end of the reporting period;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

New standards, amendments and interpretations not yet adopted are not expected to have a material effect on the consolidated financial statements.

4. AMALGAMATION TRANSACTIONS

On October 8, 2019, the Company incorporated Finco (under the laws of the province of Ontario), for the purpose of completing a transaction to eventually establish itself as a producer and distributor of its premium brand of psilocybin truffles within the Netherlands. On May 22, 2020, the Company closed the transaction (the "Transaction") with Finco and Debtco, both wholly owned subsidiaries of the Company. The Transaction was effected by way of two triangular amalgamations (the "Amalgamations") among (a) the Company and Debtco, and a wholly-owned subsidiary of the Company, and (b) the Company and Finco another wholly-owned subsidiary of the Company. Concurrent with the Transaction, the Company effected a change of its name to "Red Light Holland Corp." from Added Capital Inc. Prior to completing the Transaction, and during fiscal 2020, the Company was inactive and evaluating business opportunities.

Through the Amalgamations and completion of the Transaction, (i) each shareholder of Finco received one common share of the Company (total 66,022,530 Shares) in exchange for each one Finco Share held, related to the subscription receipt financing (see below) (ii) each shareholder of Debtco received one common share of the Company (total 125,148,606 Shares) in exchange for each one common share in the capital of Debtco (each, a "Debtco Share") held (related to the debt conversion), and (iii) all unexercised compensation warrants (4,816,802 warrants) were adjusted in accordance with their terms such that, each compensation warrant entitles the holder to acquire, upon exercise, one common share of the Company, on the same terms.

4. AMALGAMATION TRANSACTIONS (continued)

Debt restructuring

In January 2020, Red Light Holland completed a debt restructuring transaction (the "Debt Restructuring"), whereby it assigned, to its wholly owned subsidiary, Debtco, an aggregate of $1,577,623 in debt (the "Assigned Debt") owing by Red Light Holland to several third-party creditors. As part of the Debt Restructuring, in January 2020, Debtco completed a debt conversion (the "Debt Conversion"), whereby various debt holders elected to convert an aggregate of $196,563 of the Assigned Debt into Debtco Shares at a conversion price of $0.005 per Debtco Share, and an aggregate of $1,294,292 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 for Debtco Shares at a price of $0.005 per Debtco Share, and an aggregate of $344,096 of for Debtco Shares at a price of $0.02 per Debtco Share. As the amalgamation had not yet taken place as at March 31, 2020, the resulting 125,148,606 common shares from the Debt Conversion and share subscriptions with a carrying value of $1,849,535 were presented as shares to be issued in the consolidated statement of financial position.

Subscription receipt financing

In May 2020, Finco completed a non-brokered private placement of 66,022,530 subscription receipts ("Subscription Receipt") at a price of $0.06 per Subscription Receipt for gross proceeds of $3,961,352. Each Subscription Receipt entitled the holder to one common share in the capital of Finco ("Finco Share"). In connection with the offering, Finco paid to the Finder a cash commission of $356,843, and issued 4,856,935 compensation warrants. Each warrant entitles the holder to acquire one common share of the Company at $0.06 for two years. The compensation warrants were valued at $226,363 using the Black Scholes options pricing model using the following assumption: Term – 2 years; Volatility – 172%; share price $0.06, Interest rate – 0.30%.

Related to the Subscription receipt financing and the debt conversions, the Company also issued 1,833,333 common shares to certain finders as consideration for assisting in arranging the Amalgamations. The shares issued were valued at $0.06 per share based on the issue price of the Subscription Receipts.

In the event the Transaction did not occur or other escrow release conditions were not satisfied or waived the escrowed funds would be returned to the holders of the subscription receipts on a pro rata basis and the subscription receipts would be cancelled without any further action on the part of the holders. A total of 66,022,530 Subscription Receipts were issued for gross proceeds of $3,961,352. Of this total, 3,608,580 had been received by March 31, 2020 and was presented as a subscription receipts liability on the consolidated statement of financial position at March 31, 2020.

Included in prepaid financing costs of $178,843 on the consolidated statement of financial position as at March 31, 2020 are estimated Finder's Fees totaling $125,843 representing the portion of the fees that was earned by the Finders as at March 31, 2020.

The Escrow Release Conditions were met subsequent to March 31, 2020.

Upon closing the transaction, subscription receipts previously presented as a liability, were credited to share capital.

5. BUSINESS ACQUISITIONS

(i) SR WHOLESALE BV ("SR")

On March 19, 2021, the Company acquired 100% of SR for consideration with a fair value of $2,171,076 comprised of $1,406,690 (€953,207) in cash plus an unsecured convertible promissory note to be issued for $442,770 (€300,000). SR Wholesale has established a distribution network of over 400 companies that sell its products across Europe. The promissory note, denominated in euros carries an annual interest rate of 5% for 2 years and matures on March 19, 2023. The promissory note is convertible at the option of the holder at any time prior to the maturity date into common shares of the Company, at a price of $0.38 per share. The fair value of the note was calculated at $418,796 using a market interest rate of 8.5%. The recognition of the fair value of the conversion feature was calculated at $334,057 using the Black Scholes option pricing model using the following assumption: risk free rate of 0.69%, volatility of 165% (based on comparable companies), dividend yield of 0%, and a term of 2 years. Refer to Note 10 for subsequent revaluation at March 31, 2021.

Initial cash payment of €900,000 was made on the Closing Date with remaining €53,207 held back as security for working capital adjustments. Accounts payable and accrued liabilities include the €53,207 holdback, which was released subsequent to the year end.

(Expressed in Canadian Dollars)

5. BUSINESS ACQUISITIONS (continued)

The transaction has been accounted for as a business combination under IFRS 3 – Business Combinations. Due to the complexity associated with the valuation process and short period of time between the acquisition date and the period end, the identification and measurement of the assets acquired, and liabilities assumed is provisional and subject to adjustment on completion of the valuation process and analysis of resulting tax effects. Management will finalize the accounting for the acquisitions no later than one year from the date of the respective acquisition date and will reflect these adjustments retrospectively as required under IFRS 3. Differences between these provisional estimates and the final acquisition accounting may occur and these differences could have a material impact on the Company's future financial position and results of operations.

The following table summarizes the final purchase price allocation:

Assets Acquired	**$**
Cash	143,003
Accounts receivable	150,663
Deposit	8,036
Property, plant and equipment	45,288
Inventory	336,505
Accounts payable	(206,544)
Right-of-use asset	48,646
Lease liabilities	(48,646)
Deferred tax liability	(301,156)
Intangible assets	1,033,130
Net assets at fair value, as at March 19, 2021	**1,208,925**
Consideration	
Cash	1,406,690
Convertible debenture	746,805
Total Consideration	**2,153,495**
Goodwill	**944,570**

The goodwill generated as a result of this acquisition relates to other intangible assets that do not qualify for separate recognition.

As required under IFRS, the Company assessed goodwill for impairment as at March 31, 2021 and concluded that the recoverable value of the SR Wholesale CGU was greater than its carrying value and no impairment loss was recorded.

The intangible assets are comprised of the customer relationships with a fair value of $818,400 and a non-compete agreement with a fair value of $214,730. The fair value of the customer relationships was determined using a discounted cash flow analysis. The key assumptions used in the cash flow projection related to the customer relationships include: (1) a discount rate of 37.5%; (2) revenue growth rate of 20%; (3) customer growth rate of 2.5%; and (4) terminal revenue growth of 2.5% per year The fair value of the non-compete agreement was determined using a discounted cash flow analysis. The key assumptions used in the cash flow projection related to the non-compete include: (1) a discount rate of 35.5%; (2) revenue growth rate of 20%; and (3) revenue impact % rate of 50%.

(ii) RADIX MOTION INC. ("RADIX")

On June 8, 2021, the Company announced that its wholly owned subsidiary, Red Light Acquisition Inc. ("Red Light US") acquired (the "Acquisition") Radix Motion Inc. ("Radix Motion"), a technology and innovation company focused on empowering the psychedelic ecosystem with embodied technology, including augmented reality, virtual reality, and interactive holograms. The Acquisition was completed pursuant to the terms of the definitive agreement (the "Acquisition Agreement") dated June 7, 2021, pursuant to which Red Light US acquired all of the issued and outstanding shares of Radix Motion ("Radix Shares") for approximately $3,980,301 (US$3.2 Million).

(Expressed in Canadian Dollars)

5. BUSINESS ACQUISITIONS (continued)

The consideration was comprised of: (i) 12,701,741 common shares of Red Light (the "Red Light Shares"), having an aggregate value of $3,898,030 (US$3,195,406) with each Red Light Share priced at the 10-day volume weighted average price of the Red Light Shares on the Canadian Securities Exchange immediately prior to the closing of the Acquisition (the "Share Consideration"); and (ii) $82,270 (US$67,413) in cash (the "Cash Consideration"). Pursuant to the Acquisition Agreement, 25% of the Acquisition consideration has been placed in escrow for a period of 18 months from Closing, and the Red Light Shares issued pursuant to the Share Consideration are subject to a 24 month lock-up, with 1/6 released every 4 months.

The acquisition was accounted for accordance with IFRS 3 Business Combinations. Accordingly, the acquisition is accounted at the fair value of the equity instruments issued. The excess of consideration over the net assets acquired has been recorded as unallocated intangible assets. The Company is in the process of determining the appropriate values of intangible assets received from the acquisition.

The fair value consideration is as follows:

Assets Acquired	**$**
Cash	11,770
Property, plant and equipment	3,940
Loan payable	(180,687)
Unallocated intangible assets	4,145,277
Net assets as at June 7, 2021	**3,980,300**

Consideration	**$**
Cash	82,270
Common shares	3,898,030
	3,980,300

(ii) 4316747 NOVA SCOTIA LIMITED ("HAPPY CAPS")

On June 10, 2021, the Company announced that is completed the acquisition of an 80% stake in 4316747 Nova Scotia Limited ("Happy Caps"). Happy Caps Mushroom Farm in Nova Scotia, Canada, is a unique gourmet mushroom farm, cleverly positioned in the mushroom plug spawn business, selling fresh mushrooms for the wholesale market and specializing in 'grow your own mushroom kits' with sales in Canada and the United States.

The Acquisition was completed pursuant to the terms of the definitive agreement (the "Acquisition Agreement") dated June 10, 2021, pursuant to which Red Light Holland acquired 80% of the issued and outstanding shares of Happy Caps for $450,000. The consideration was comprised of $50,000 cash and 1,290,323 common shares of the Company (the "Red Light Shares"), with each Red Light Share priced at $0.31 being the 10-day volume weighted average price of the Red Light Shares on the Canadian Securities Exchange immediately prior to the closing of the Acquisition. The Acquisition Agreement provides for up to $550,000 of earn out payments to be made to the Vendors subject to reaching certain sales milestones, with all milestones subject to minimum gross margin requirements. In addition to the foregoing, as per the terms of the Acquisition Agreement, the Vendors have granted the Company an option to acquire all the remaining shares in Happy Caps not held by the Company, thus allowing Red Light Holland to become the sole shareholder of Happy Caps (the "Call Option"), at a 100% enterprise value equal to $2,500,000. The Call Option will be exercisable at any time following a period of two (2) years from closing. The consideration under the Call Option, if exercised, may be satisfied in Red Light Shares, on the basis of a deemed price per Red Light Share equal to the volume weighted average price per Red Light Share on the CSE for the 10 consecutive trading days preceding closing of the Call Option.

The acquisition was accounted for accordance with IFRS 3 Business Combinations. Accordingly, the acquisition is accounted at the fair value of the equity instruments issued. The excess of consideration over the net assets acquired has been recorded as unallocated intangible assets. The Company is in the process of determining the appropriate values of intangible assets received from the acquisition.

(Expressed in Canadian Dollars)

5. BUSINESS ACQUISITIONS (continued)

The fair value consideration is as follows:

Assets Acquired	**$**
Cash	11,710
Accounts receivable	10,166
Inventory	6,384
Accounts payable	(21,845)
Unallocated intangible assets	443,585
Net assets as at June 10, 2021	**450,000**

Consideration	**$**
Cash	50,000
Common shares	400,000
	450,000

6. MARKETABLE SECURITIES

	Number of Securities	Cost	Unrealized Gain	Fair Value
PharmaDrug Inc. – common shares	3,493,000	165,360	201,405	366,765
PharmaDrug Inc. - warrants	12,000,000	392,596	519,615	912,211
Lucid Psycheceuticals Inc. - shares	1,000,000	50,000	50,000	100,000
Elevate Farms Inc. - shares	22,988	100,000	-	100,000
Total as at June 30, 2021		707,956	771,020	1,478,976

In May 2020, Finco issued 2,500,000 subscription receipts to Revive Therapeutics Ltd. ("Revive") valued at $0.06 each which were then converted into common shares of the Company as part of the Amalgamation. As consideration, the Company received 3,000,000 common shares of Revive with a deemed valued of $150,000. During the three months ended June 30, 2020, the Company sold 800,000 shares for gross proceeds of $150,124 which resulted in a realized gain on marketable securities of $110,124. The balance of the shares were sold in 2020.

In July 2020 the Company made a cash investment by purchasing 2,666,667 units of PharmaDrug (the "PharmaDrug Subscription Units") at a price of $0.075 per unit for $200,000. Each PharmaDrug Subscription Unit consisted of (i) one PharmaDrug Share, and (ii) one Class B PharmaDrug Warrant. The Company entered a share for share agreement and received an additional 9,333,333 shares and warrants of PharmaDrug in accordance with the Securities Exchange Agreement (see note 11) on July 14, 2020, which were valued at $700,000.

The fair value of the PharmaDrug warrants was estimated upon initial recognition using the Black-Scholes option pricing model using the following assumptions: term – 4 years; expected volatility – 146%, expected interest rate – 0.31%. The fair value of these warrants as at March 31, 2021 was estimated using the Black-Scholes option pricing model using the following assumptions: term – 3.3 years; expected volatility – 146%, expected interest rate – 0.31%.

During the three months ended June 30, 2021, the Company sold 1,595,000 shares of PharmaDrug for proceeds of $161,610, which resulting in a realized gain on sale of marketable securities of $93,823.

In November 2020, the Company acquired 1,000,000 shares of Lucid Psycheceuticals Inc. at a cost of $50,000.

In February 2021, the Company acquired 22,988 units of Elevate Farms Inc. at a cost of $100,000. Each unit had a price of $4.35 and consisted of one common share and one, each warrant can be exercised for one common shares at $8.70 for a period of two-years from the date of issue.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

	Level 1	Level 2	Level 3	Total
At March 31, 2020	$ -	$ -	$ -	$ -
Additions	660,000	390,000	150,000	1,200,000
Disposals	(442,265)	-	-	(442,265)
Revaluation to fair market value	265,625	522,211	50,000	837,836
At March 31, 2021	483,360	912,211	200,000	1,595,571
Disposals	(67,787)	-	-	-
Revaluation to fair market value	(48,808)	-	-	-
At June 30, 2021	$ 366,765	$ 912,211	$ 200,000	$ 1,478,976

Fair value hierarchy

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

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the assetor liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessingcategorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2.

The following table presents the Company's investments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at June 30, 2021 and March 31, 2021:

Investments, at fair value	Level 1 Quoted market price	Level2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total
June 30, 2021	$ 366,765	$ 912,211	$ 200,000	$ 1,478,976
March 31, 2021	$ 483,360	$ 912,211	$ 200,000	$ 1,595,571

Level 2 financial instruments includes warrants of public issuers.

Level 3 financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of loss and comprehensive loss.

Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. These represents the only type of transfer between Levels during the reporting period.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES (continued)

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at June 30, 2021	Valuationtechnique / unobservable input	%of Investments	Sensitivity to changes in significant unobservable inputs(%)
Unlisted private equities	$ **200,000**	Recent financing activity	12.0	Additional recent financing activity

For investments valued based on recent financing activity, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of this investment will result in a corresponding +/- $50,000 change in the total fair value of the investments.

While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

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

7. PROPERTY AND EQUIPMENT

	Equipment	Leasehold improvements	Vehicle	Total
Cost				
Balance, March 31, 2020	$ -	$ -	$ -	$ -
Acquisition of SR	26,272	-	18,616	45,288
Additions	42,636	26,256	17,725	86,617
Balance, March 31, 2021	69,308	26,256	36,341	131,905
Acquisition of Radix	3,865	-	-	3,865
Additions	6,481	-	-	6,481
Balance, June 30, 2021	$ 79,654	$ 26,256	$ 36,341	$ 142,251
Accumulated Depreciation				
Balance, March 31, 2020	$ -	$ -	$ -	$ -
Additions	4,691	3,501	1,773	9,964
Balance, March 31, 2021	4,691	3,501	1,773	9,964
Additions	4,627	1,313	2,374	8,314
Balance, June 30, 2021	$ 9,318	$ 4,814	$ 4,147	$ 18,278
Carrying amount				
As at March 31, 2021	$ 64,617	$ 22,755	$ 34,569	$ 121,942
As at June 30, 2021	$ 70,336	$ 21,442	$ 32,194	$ 123,973

(Expressed in Canadian Dollars)

8. INTANGIBLE ASSETS

A continuity of intangible assets for the three months ended June 30, 2021 and the year ended March 31, 2021 is as follows:

	Virtual Reality technology development	App development	Customer relationships	Non-compete agreement	Unallocated Intangibles	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**
Balance, March 31, 2020	-	-	-	-	-	-
Acquisition of SR	-	-	811,745	221,385	-	1,033,130
Additions	40,317	140,623	-	-	-	180,940
Balance, March 31, 2021	40,317	140,623	811,745	221,385	-	1,214,070
Acquisition of Radix and Happy Caps	-	-	-	-	4,588,862	4,588,862
Additions	-	16,852	-	-	-	16,852
Balance, June 30, 2021	40,317	157,475	-	-	4,588,862	5,819,784
Accumulated Depreciation						
Balance, March 31, 2020	-	-	-	-	-	-
Additions	-	-	8,002	2,181	-	10,183
Balance, March 31, 2021	-	-	8,002	2,181	-	10,183
Additions	-	-	66,718	18,197	-	84,915
Balance, June 30, 2021	-	-	74,720	20,378	-	95,098
Carrying amount						
Balance, March 31, 2021	40,317	140,623	803,743	219,204	-	1,203,887
Balance, June 30, 2021	40,317	157,475	737,025	201,007	4,588,862	5,724,687

Amortization on intangible assets comments when the asset is available for use.

9. GOODWILL

The movements of the Company's goodwill and intangibles are summarized as follows:

	$
Balance, March 31, 2020	-
Additions – SR Acquisition	643,414
Tax impact	301,156
impairment	-
Balance, March 31, 2021 and June 30, 2021	944,570

As at March 31, 2021, the Company assessed the goodwill recorded through the SR acquisition for impairment. The Company performed a discounted cash flow analysis to determine SR's value in use, which incorporated the following assumptions: (1) discount rate – 35.8%; (2) income tax rate - 25%; (3) terminal growth rate – 2.5%; (4) revenue growth rate – 20%. The Company noted that the recoverable amount was greater than the carrying value and that no impairment was required as at March 31, 2021.

(Expressed in Canadian Dollars)

9. GOODWILL (continued)

The Company performs goodwill impairment analysis annually by comparing the fair value, based on the discounted future estimated cash flows, of the CGUs related to goodwill to the carrying value of the CGU.

As at March 31, 2021, the Company assessed for impairment on the recoverable amount of goodwill for SR. The Company applied the value in use method, using a five-year discounted future cash flow. The key assumptions used in the discounted cash flow model included various significant unobservable inputs.

The following significant unfavorable inputs, all of which are classified as level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flow, were used by management as part of this model:

a) Revenue growth rate – represents the ability of the Company to generate revenue

b) Cost of sales percentage – calculated as a percentage of revenue

c) Weighted average cost of capital – calculated as weighted average cost of the Company's cost of equity and cost of debt

The sensitivity analysis prepared by the Company for SR CGU goodwill potential impairment are as follows:

Unobservable inputs	March 31, 2021	Change	Potential impairment
			$
Revenue growth rate	20%	Decrease by 10%	192,069
Cost of sales percentage	65%	Increase by 5%	359,122
WACC	35.8%	Increase by 5%	112,844

10. CONVERTIBLE DEBENTURE

On March 19, 2021, the Company acquired 100% of SR (Note 5) where an unsecured convertible promissory note was issued for $442,770 (€300,000).

Since the number of shares to be issued may vary due to foreign exchange fluctuations, the financial instrument did not meet the "Fixed for Fixed" criteria under IAS 32 – Financial Instruments: Presentation ("IAS 32"). As such, the conversion option was classified as a derivative liability and the Company has elected to classify the entire hybrid financial instrument at fair value through profit and loss ("FVTPL") and is revalued at each reporting date.

Pursuant to the requirements of IAS 1, terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect the classification of the liability, as such, the Company has classified the convertible debenture as long-term liabilities in the consolidated statement of financial position as the maturity date of the convertible debenture is longer than twelve months after March 31, 2021.

As at March 31, 2021, the fair value of the note was calculated at $415,857 using a market interest rate of 8.48%. The fair value of the conversion feature was calculated at $297,999 using the Black Scholes option pricing model using the following assumptions: risk free rate of 0.69%, volatility of 165% (based on comparable companies), dividend yield of 0%, and a term of 1.97 years. As a result of the fair value assessment as at March 31, 2021, the Company recorded a change in fair value of convertible debenture in the amount of $38,997 in the consolidated statements of loss and comprehensive loss. As at June 30, 2021, the fair value of the note was calculated at $408,082 using a market interest rate of 8.48%. The fair value of the conversion feature was calculated at $319,718 using the Black Scholes option pricing model using the following assumptions: risk free rate of 0.69%, volatility of 165% (based on comparable companies), dividend yield of 0%, and a term of 1.72 years. As a result of the fair value assessment as at June 30, 2021, the Company recorded a change in fair value of convertible debenture in the amount of $13,914 in the consolidated statements of loss and comprehensive loss.

The movements of the Company's convertible debenture are summarized as follows:

	$
Balance, March 31, 2020	-
Additions – SR Acquisition	752,853
Change in fair value of convertible debenture	(38,997)
Balance, March 31, 2021	713,886
Change in fair value of convertible debenture	13,914
Balance, June 30, 2021	727,800

(Expressed in Canadian Dollars)

11. RIGHT OF USE ASSET

		Total
Balance, March 31, 2020	$	-
Additions – leases (i)		117,326
Acquired SR – leases (ii)		48,646
Depreciation		(15,830)
Balance, March 31, 2021		149,749
Depreciation		6,333
Balance, June 30, 2021	$	143,416

(i) Depreciated over the term of the leases, being 5 years.
(i) Depreciated over 2 years, being the expected term of the lease.

12. LEASE LIABILITIES

Balance, March 31, 2020	$	-
Additions		117,326
Acquired		48,646
Interest expense		5,957
Lease payments		(18,918)
Balance, March 31, 2021		153,011
Interest expense		2,049
Lease payments		(7,620)
Balance, June 30, 2021		147,440

Allocated as:		**June 30, 2021**
Current	$	52,146
Long term		95,294
Balance	$	147,440

On August 1, 2020, the Company entered into a 60-month lease agreement to rent two spaces. The lease commenced on August 1, 2020 for a period of five years until July 31, 2025. The Company has the option to renew this lease for three more renewal periods of five years each, allowing the Company to potentially lease the space until July 31, 2040. Under the lease, the Company is required to pay a monthly rent of 1,630 EUR ($2,527), increasing at 2% per year. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in Netherlands.

During the year ended March 31, 2021, the Company recognized an expense of $4,620 with respect to rent not subject to a lease agreement.

On March 19, 2021, through the acquisition of SR, the Company assumed a leased premises and the associated lease liability with a fair value of $48,646. The lease term is indefinite with a six-month termination notice period. The Company expects to terminate the lease in 2 years.

(Expressed in Canadian Dollars)

13. CAPITAL STOCK

(a) *Share capital*

Authorized
Unlimited number of common shares with no par value
2,000,000 voting, convertible, redeemable, preference shares

Issued and outstanding
Effective February 13, 2020, the Company consolidated its issued and outstanding common shares on the basis of one (new) post consolidation common share for each 20 (old) pre-consolidation common shares (the "Consolidation"). The Consolidation was approved at the Company's annual and special meeting of shareholders held on May 8, 2019. The consolidated financial statements reflect the post-consolidation common shares.

Details of shares issued and outstanding are as follows:

	Shares		Amount
Balance March 31, 2020	**851,335**	**$**	**4,016,634**
Shares issued on Horizontal amalgamation of subsidiaries (note 3)	193,004,469		5,227,681
Shares issued for private placements (i)	90,904,281		15,293,451
Share issue costs – cash (i)	-		(2,480,269)
Share issue costs - broker warrants (i)	-		(2,716,130)
Shares issued as per the Share Exchange Agreement (ii)	4,242,424		396,537
Shares issued for services (iii)	4,052,631		295,789
Shares issued on exercise of warrants (iv)	38,350,292		10,996,651
Shares issued on exercise of options (iv)	1,483,332		191,085
Balance March 31, 2021	**332,888,764**		**31,221,429**
Shares issued on acquisition of Radix (note 5)	12,701,741		3,898,030
Shares issued on acquisition of Happy Caps (note 5)	1,290,323		400,000
Shares issued on exercise of warrants	600,000		67,113
Shares issued on exercise of options	916,668		55,000
Balance, June 30, 2021	**348,397,496**	**$**	**35,689,147**

(i) On June 8, 2020, the Company closed the first tranche of a brokered private placement (the "First Tranche") of Units for gross proceeds of $3,000,000 with one institutional lead investor. Pursuant to the First Tranche, the Company issued a total of 18,181,818 Units at a price of $0.165 per Unit, with each Unit consisting of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.26 at any time until June 8, 2024, subject to an accelerated expiry option. The Warrants were valued at $1,200,000 using a Monte Carlo simulation with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.44%. The Company allocated the fair value of the shares and warrants based on a relative fair value model. This approach was applied to all financings.

In connection with the First Tranche, the Company paid to the agent a cash fee of $268,500 and issued 1,272,727 compensation warrants, with each compensation warrant entitling the holder to purchase one Unit at a price of $0.165 per Unit, for a period of 48 months following the issuance date. The compensation warrants were valued at $152,727 using a Monte Carlo simulation with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.44%.

On June 16, 2020, the Company closed the second tranche of the brokered private placement (the "Second Tranche") of units, for gross proceeds of $830,529. Pursuant to the Second Tranche, the Company issued a total of 5,033,515 units at a price of $0.165 per unit, with each unit consisting of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.26 at any time until June 16, 2024, subject to an accelerated expiry option. The Warrants were valued at $322,145 using a Monte Carlo simulation with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.35%.

13. CAPITAL STOCK (continued)

In connection with the Second Tranche, the Company paid the agent a cash fee of $74,437 and issued 352,346 compensation options, with each compensation option entitling the holder to purchase one unit at a price of $0.165 per unit for a period of 48 months following the date of issuance. The compensation warrants were valued at $21,141 using a Monte Carlo simulation with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.35%.

On July 16, 2020, the Company closed the final tranche of a private placement. In this tranche, 2,904,848 units were issued for gross proceeds of $479,300. The Warrants were valued at $188,815 using a Monte Carlo simulation with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.29%.

On January 27, 2021, the Company closed a bought deal financing (the "Jan Bought Deal") for gross proceeds of $9,775,195 through the issuance of 38,334,100 units at a price of $0.255 per unit. Each Unit is comprised of one common and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share at an exercise price of $0.38, for a period of 42 months. In the event that the volume weighted average trading price of the common shares exceeds $0.89 for 10 consecutive trading days, the company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. In consideration for their services, the Company paid to the underwriter a cash fee equal to $819,675 and issued to the underwriter 2,661,762 compensation options. Each compensation option may be exercised to acquire one unit at $0.255 for a period of 42 months following the closing of the Offering. Each Unit underlying the compensation options have the same terms as those issued under the Jan Bought Deal. The Warrants and compensation options were valued at $4,063,415 and $1,730,145, respectively, using a Monte Carlo simulation with the following assumptions: Term – 3.5 years; Volatility – 167%; Interest rate – 0.24%.

On February 24, 2021, the Company closed a bought deal financing (the "Feb Bought Deal") for gross proceeds of $11,638,000 through the issuance of 26,450,000 units at a price of $0.44 per unit. Each Unit is comprised of one common and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share at an exercise price of $0.70, for a period of 36 months. In the event that the volume weighted average trading price of the common shares exceeds $1.52 for 10 consecutive trading days, the company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. In consideration for their services, the Company paid to the underwriter a cash fee equal to $1,251,287 and issued to the underwriter 1,804,705 compensation options. Each compensation option may be exercised to acquire one unit at $0.44 for a period of 36 months following the closing of the Offering. Each Unit underlying the compensation options have the same terms as those issued under the Feb Bought Deal.

The Warrants and compensation options were valued at $4,655,200 and $812,117, respectively, using a Monte Carlo simulation with the following assumptions: Term – 3.0 years; Volatility – 167%; Interest rate – 0.32%.

(ii) On July 14, 2020, the Company entered into a securities exchange agreement with PharmaDrug Inc. ("PharmaDrug") (the "Securities Exchange Agreement"). Under the terms of the Securities Exchange Agreement, PharmaDrug agreed to issue 9,333,333 units to the Company (the "PharmaDrug SEAUnits") at deemed price of $0.075 per unit, in consideration for the issuance by the Company of 4,242,424 RLH Units (as defined below) at a deemed price of $0.165 per unit to PharmaDrug. Each PharmaDrug SEA Unit consists of (i) one common share of PharmaDrug (a "PharmaDrug Share"), (ii) 0.9 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of $0.13 for a period of 48 months (each whole warrant, a "Class A PharmaDrug Warrant"), and (iii) 0.1 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of $0.08 for a period of 48 months (each whole warrant, a "Class B PharmaDrug Warrant"). Each RLH Unit will consist of one common share in the capital of the Company (an "RLH Share") and one common share purchase warrant (a "RLH Warrant") of the Company. Each RLH Warrant entitles the holder to purchase one additional RLH Share at an exercise price of $0.26 at any time for a period of 48 months, subject to an accelerated expiry option. If, following the date that is four months and one day following the date hereof, the volume weighted average trading price of the RLH Shares on the Canadian Securities Exchange (the "CSE") for any 10 consecutive trading days equals or exceeds $0.50, the Company may, upon providing written notice to the holders of RLH Warrants, accelerate the expiry date of the RLH Warrants to the date that is 30 days following the date of such written notice. The units issued were measured at the price of the units received.

(iii) On May 27, 2020, the Company issued 3,000,000 shares to a consultant for services. On the date of issue, the shares had a fair value of $0.06, based on the value of the subscription receipt financing. On December 3, 2020, the Company issued 1,052,631 shares to a consultant for services. On the date of issue, the shares had a fair value of $0.11.

13. CAPITAL STOCK (continued)

(iv) During the year ended March 31, 2021, 38,350,292 warrants were exercised for proceeds of $7,627,734. The warrants had a value of $3,368,917. During the year ended March 31, 2021, 1,483,332 options were exercised for proceeds of $102,500. The options had a value of $88,585.

(v) During the three months ended June 30, 2021, 600,000 warrants were exercised for proceeds of $36,000. The warrants had a value of $31,113. During the three months ended June 30, 2021, 916,668 options were exercised for proceeds of $55,000. The options had a value of $47,575.

(b) *Stock options*

On September 26, 2014, the shareholders of the Company approved a new stock option plan (the "Plan"). The Plan's maximum number of common shares which are reserved for issuance are expressed as a percentage of the issued and outstanding common shares, rather than as a fixed number, and the Plan's aggregate reservation is restricted to 10%. As at the date hereof, 10% of the issued and outstanding common shares is 22,910,164 common shares. During the years ended March 31, 2020 and 2019, $nil was recorded as share-based compensation.

All stock options expired unexercised in the year ended March 31, 2020 as a result of the resignation of the holders as directors and officer of the Company. No options were outstanding or exercisable as at March 31, 2020.

On May 27, 2020, the Company issued 9,450,000 options to certain directors, officers, and consultants of the Company. The options are exercisable at an exercise price of $0.06 per common share. 2,500,000 options expire five years from the date of issuance. 6,950,000 options expire three years from the date of issuance. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. The options were valued at $502,700 using the Black-Scholes option pricing model using the following assumptions: Term – 3-5 years; Volatility – 172% - 174%; Interest rate – 0.30%.

In June 2020, the Company issued to consultants 1,000,000 stock options (500,000 on June 10, 2020 and 500,000 on June 24). 500,000 Options are exercisable at an exercise price of $0.15 per common share, and 500,000 are exercisable at $0.105. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. The options expire three years from the date of issuance. The options were valued at $110,195 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172% - 174%; Interest rate – 0.30%.

On July 16, 2020, the Company issued 150,000 stock options to a consultant. The stock options are exercisable at an exercise price of $0.085 per common share and expire three years from the date of issuance. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. The options were valued at $11,009 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 0.30%.

On December 1, 2020, the Company issued 200,000 stock options to a consultant. The stock options are exercisable at an exercise price of $0.10 per common share and expire three years from the date of issuance. 50% of the options vested on issuance, the remaining 50% 6 months from the date of issuance. The options were valued at $17,285 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 0.30%.

On December 8, 2020, the Company issued 1,500,000 stock options to a consultant. 750,000 of the stock options are exercisable at an exercise price of $0.15 per common share, and 750,000 of the stock options are exercisable at $0.20 per share. All options expire one year from the date of issuance. The options vested on the date of grant. The options were valued at $160,765 using the Black-Scholes option pricing model using the following assumptions: Term – 1 year; Volatility – 172%; Interest rate – 0.30%.

On December 30, 2020, the Company issued 250,000 stock options to a consultant exercisable at $0.315 per share and expire three years from the date of issuance. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. The options were valued at $61,170 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 0.30%.

On March 8, 2021, the Company issued 200,000 stock options to a consultant exercisable at $0.32 per share and expire three years from the date of issuance. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. The options were valued at $55,313 using the Black-Scholes option pricing model using the following assumptions: Term – 4 years; Volatility – 172%; Interest rate – 0.30%.

On March 18, 2021, the Company issued 1,000,000 stock options to a consultant exercisable at $0.38 per share and expire three years from the date of issuance. The options were valued at $277,420 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 172%; Interest rate – 0.30%.

(Expressed in Canadian Dollars)

13. CAPITAL STOCK (continued)

The following table reflects the continuity of options for the three months ended June 30, 2021 and the year ended March 31, 2021:

	Options #	Amount $
Balance, March 31, 2020	-	1,848,632
Granted	13,750,000	838,287
Exercised	(1,483,332)	(88,585)
Balance, March 31, 2021	12,266,668	2,598,334
Exercised	(916,668)	(47,575)
Balance, June 30, 2021	11,350,000	2,550,759

		Number of Options				
Expiry Date	**Exercise Price**	**Opening Balance**	**Options Granted**	**Options Exercised**	**Options Expired**	**Closing Balance**
May 27, 2025	$0.06	2,500,000	-	-	-	2,500,000
May 27, 2023	$0.06	4,116,668	-	(916,668)	-	3,200,000
May 23, 2023	$0.06	1,500,000	-	-	-	1,500,000
June 10, 2023	$0.15	350,000	-	-	-	350,000
June 24, 2023	$0.105	500,000	-	-	-	500,000
July 16, 2023	$0.085	150,000	-	-	-	150,000
December 1, 2023	$0.10	200,000	-	-	-	200,000
December 8, 2021	$0.15	750,000	-	-	-	750,000
December 8, 2021	$0.20	750,000	-	-	-	750,000
December 30, 2023	$0.315	250,000	-	-	-	250,000
March 4, 2024	$0.32	200,000	-	-	-	200,000
March 18, 2023	$0.38	1,000,000	-	-	-	1,000,000
		12,266,668	-	(916,668)	-	11,350,000

(c) *Employee share purchase plan*

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

There were no purchases under the ESPP for the years ended March 31, 2021 and 2020.

(d) *Loss per share data*

The effect of outstanding common share purchase options and warrants on the net loss for the years ended March 31, 2021 and 2020 presented is not reflected as to do so would be anti-dilutive.

(e) *Restricted share units ("RSU's")*

Pursuant to the RSU Plan, on Jun 13, 2021, 14,096,000 RSU's were granted to officers, directors and consultants as follows:

(Expressed in Canadian Dollars)

13. CAPITAL STOCK (continued)

Position	#	Vesting	Expiry date	FMV	$
Director	5,000,000	6/1/2022	6/13/2024	0.36	1,800,000
Consultant	5,000,000	20% on grant, 80% June 1 2022	6/13/2024	0.36	1,800,000
Consultant	820,000	6/1/2022	6/13/2024	0.36	295,200
Director	820,000	on grant	6/13/2024	0.36	295,200
Director	820,000	on grant	6/13/2024	0.36	295,200
Director	328,000	on grant	6/13/2024	0.36	118,080
Officer	328,000	on grant	6/13/2024	0.36	118,080
Consultant	240,000	6/1/2022	6/13/2024	0.36	86,400
Consultant	240,000	76,000 on grant remaining 06/01/2022	6/13/2024	0.36	86,400
	13,596,000				4,894,560

(f) *Warrants:*

	Warrants #	Amount $
Balance, March 31, 2020	220,000	260,972
Issued in connection with subscription receipt financing (note 3)	4,856,935	226,363
Issued in connection with private placements (note 8(a))	96,995,821	13,145,704
Issued in connection with the Share Exchange Agreement (note 8(a)(ii))	4,242,424	303,463
Issued in connection with consulting agreements (i)	8,650,000	448,547
Issued from exercise of units	1,625,073	-
Exercised	(38,350,292)	(3,368,917)
Balance, March 31, 2021	78,239,961	11,016,132
Exercised	(600,000)	(31,113)
Balance, June 30, 2021	77,639,961	10,985,019

(i) On May 27, 2020 8,650,000 warrants were issued to certain consultants of the Company. The warrants are exercisable at an exercise price of $0.06 per common share and expire three years from the date of issuance. The warrants vest immediately. The Warrants were valued at $448,557 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 0.29%.

As at June 30, 2021, warrants outstanding were as follows:

		Warrants Outstanding and Exercisable	
Expiry Date	**Exercise Price**	**Number of Warrants**	**Average Remaining Contractual Life (Years)**
December 12, 2021	$1.00	220,000	0.45
February 7, 2022	$0.06	43,500	0.60
March 13, 2022	$0.06	75,000	0.70
May 27, 2023	$0.06	1,633,334	1.91
February 24, 2024	$0.70	26,450,000	2.65
February 24, 2024	$0.44	1,804,705	2.65
June 8, 2024	$0.26	1,272,727	2.94
June 16, 2024	$0.26	1,579,346	2.96
July 16, 2024	$0.26	5,541,060	3.04
July 28, 2024	$0.38	37,983,600	3.08
July 28, 2024	$0.26	1,036,689	3.08
		77,639,961	2.87

14. CAPITAL MANAGEMENT

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

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

15. PROVISIONS, COMMITMENTS AND CONTINGENCIES

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $244,000 which are due within one year.

16. RISK MANAGEMENT

Fair value of financial assets and financial liabilities

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.

Other price risk

The Company is exposed to price risk through its investments in publicly traded marketable securities. A 10% change in the fair value of these securities would change the Company's net loss by $36,000.

Interest rate risk

The Company has cash balances and no interest-bearing debt that is subject to floating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is exposed to interest rate movements, which impact the fair value of the Company's outstanding promissory note.

(Expressed in Canadian Dollars)

16. RISK MANAGEMENT (continued)

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

The Company's functional and reporting currency is the Canadian dollar. Foreign exchange risk arises from transactions denominated in currencies other than the Canadian dollar. The Company's primary foreign exchange exposures is the Euro, being the local currency in the Netherlands where the Company's subsidiaries RLH NL and SR operate.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than Canadian dollar. As at June 30, 2021, the Company does not have a material risk as 81% of its assets and liabilities are denominated in the Canadian dollar.

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

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2021:

	Payments due by period			
Liabilities and obligations	Total	Less than 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	1,146,960	1,146,960	-	-
Lease liability	147,440	52,146	95,294	
Debenture	446,400	-	446,400	
	1,740,800	1,199,106	541,694	-

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, marketable securities and accounts receivable.

The Company has accounts receivable from customers. The Company's credit risk arises from the possibility that a counterpart which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific customers may be affected by economic factors and government and legal factors which may impact accounts receivable. This

The Company's credit risk is primarily attributable to cash and cash equivalents and marketable securities. The Company has no significant concentration of credit risk arising from operations. Cash and marketable securities are held with reputable financial institutions and cash held with a law firm, from which management believes the risk of loss to be remote. Accounts receivable primarily consist of trade accounts receivable and sales tax receivable. Credit risk for accounts receivable is assessed on a case-by-case basis and a provision is recorded where required. As of June 30, 2021, the Company estimated expected credit losses to be $nil.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS

The Company had related party transactions with directors or officers of the Company, or companies with which they were associated, as follows:

Compensation to key management personnel
Compensation paid or payable during the three months ended June 30, 2021 and 2020 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

a) During the three months ended June 30, 2021, the Company was charged $75,000 (2020 - $53,000) in fees by 8797668 Canada Ltd, a Company owned by Todd Shapiro, the CEO, for CEO management fees. As at June 30, 2021, $28,250 (March 31, 2021 $61,687) was due to the CEO.

b) During the three months ended June 30, 2021, the Company was charged $12,000 (2020 - $9,000) in fees by CFO Advantage Inc., a Company owned by the CFO, for management fees. As at June 30, 2021, $4,520 (March 31, 2021 $4,520) was due to the CFO.

c) During the three months ended June 30, 2021, the Company was charged $36,000 (2020 - $21,000) in fees by Hans Derix, the President of RLH NL, for management fees. As at June 30, 2021, $12,000 (March 31, 2021 $15,095) was due.

d) On May 27, 2020, the Company issued 3,700,000 stock options to directors and officers of the Company, with an estimated value of $182,012 (see note 11(b)).

Equity Transactions
Shares issued during the three months ended June 30, 2021 and 2020 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

a) During the three months ended June 30, 2021, the Company issued 7,296,000 RSU's to officer and directors of the Company (see note 13).

b) During the three months ended June 30, 2020, the Company settled debt of $464,115 to related parties through the issuance of 32,408,850 shares (see note 3).

c) During the three months ended June 30, 2020, the Company issued $46,667 worth of shares to related parties through the issuance of 2,333,333 common shares in the DebtCo financing in January 2020 (see note 3).

c) During the three months ended June 30, 2020, the Company issued $200,000 worth of subscription receipts to related parties through the issuance of 3,333,333 subscription receipts through the FinCo financing (see note 3).

18. GENERAL AND ADMINISTRATIVE

Three months ended June 30,		2021		2020
Consulting	$	175,007	$	95,790
Legal, audit and other professional fees		197,980		338,432
Management fees		182,466		83,000
Business development and investor relations		135,767		68,361
Office and general		227,581		14,425
Regulatory		3,017		10,355
Amortization and depreciation		100,205		-
	$	1,022,023	$	610,363

(Expressed in Canadian Dollars)

19. SEGMENT INFORMATION

The Company's results are reported by geographical business units that operate in different countries. These segments reflect how the Company manages its business and how management classifies operations for planning and measuring performance.

The following tables present financial information by segment for the three months ended June 30, 2021 and 2020:

Revenue for the three months ended June 30,	2021	2020
Netherlands	$ 584,327	$ -
Canada	10,810	
USA	-	-
	$ 595,137	$ -

Assets as at June 30,	2021	2020
Canada	$ 32,519,376	$ 7,703,963
Netherlands	2,667,059	-
USA	4,689,552	-
	$ 39,875,987	$7,703,963

20. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID19"). The duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact 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 event that the operations or development of the Company or one or more of the Industry Partners is suspended or scaled back, or if the Company's supply chains are disrupted, 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.

Since the outbreak of COVID-19, the Company has focused its efforts on safeguarding the health and well-being of its employees, consultants and community members. To help slow the spread of COVID-19, the Company's employees have been working remotely, where possible, and abiding by local and national guidance put in place in Canada and the Netherlands related to social distancing and restrictions on travel outside of the home. The Company has and will continue to abide by the protocols within Canada and the Netherlands regarding the performance of work activities. However, illness to employees that may occur as a result of COVID-19 may cause material delays to the business. Due to the small size of the team, if any of the Company's employees were to fall sick or be unable to physically attend work due 10 to COVID-19, there would be a delay caused to the cultivation, harvesting, packaging, and delivering to market the Companies products.

Impact on the Company

The Company commenced its operations within the Netherlands in fiscal Q2 2020, and during the interim period ended June 30, 2021, COVID-19 did not have a direct, material impact on the operations, financial condition, cash flows and financial performance of the Company. However, the Company believes that the direct and indirect impact of COVID-19 on the Company's industry partners indirectly delayed the Company's ability to establish and commence its operations within the Netherlands in accordance with the timelines originally anticipated by the Company.

The Company continues to monitor the latest developments on COVID-19 on an ongoing basis, and continues to assess the more immediate impact of COVID-19 on the operations of the Company and its industry partners within the Netherlands, with a focus on maintaining business continuity. The Company's approach to maintaining business continuity during COVID-19 is focused on, among other things:

20. COVID-19

- prudent cash management, which is reflected by among other things, the Company's decision to carefully assessing further expansion efforts and temporarily delaying both the build-out of the Facility to obtain EU-GMP certification for the Facility, and the launch of its marketing campaign, until such time as the Company can fully appraise itself of market and economic conditions;
- implementing appropriate measures tailored to mitigate unanticipated impacts of COVID-19, which is reflected in part by, among other things:
    - the build-out of the Company's Facility for the cultivation and production of non-EU-GMP certified truffles in order to both (i) create a revenue stream, and (ii) offset unanticipated interruptions in the supply of truffles sourced from its industry partners due to COVID-19; and
    - the Company's experimental launch of a subscription-based model for the sales of its brand of truffles through the E-Commerce Platform.

Amid COVID-19, the Company's success will depend on its ability to ensure that consumers in the Netherlands continue to have safe and uninterrupted access to the Company's truffles, as well as maintaining high quality cultivation, production, and distribution capabilities. The Company intends to continue to assess its business and operational needs, and implement cost reductions in salaries and consulting fees, marketing and other administrative functions, where necessary. Although COVID-19 has not significantly impacted the Company's operations to date, there can be no assurance that there will not be disruptions to its operations in the future. COVID-19 presents several unpredictable variables on the economy and the truffles market within the Netherlands, making it difficult to accurately forecast upcoming results.

In spite of this, the Company's core focus will be on closely monitoring the development of COVID-19 to focus its resources on navigating and adapting to emerging situations as they unfold.

21. SUBSEQUENT EVENTS

The Company has also entered into a definitive agreement (the "Acquisition Agreement"), dated July 29, 2021, pursuant to which Red Light Holland will acquire 100% of the issued and outstanding shares of Mera for $2,450,000. The consideration is comprised of up to 7,000,000 common shares of the Company (the "Red Light Shares"), based on a price per Red Light Share of $0.35. The transaction is subject to several closing conditions; however, the Company expects closing to take place during the first week of August, 2021. Mera is a pioneer licensee in St. Vincent and the Grenadines ("SVG") that has spent the last 17 months working with government agencies and scientists to develop a Modern Medicinal Wellness Industry in the country.