FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: RED LIGHT HOLLAND CORP. (the "Issuer").

Trading Symbol: TRIP

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Unaudited condensed interim consolidated financial statements of the Issuer for the three and nine month periods ended December 31, 2022, as filed with securities regulatory authorities, are attached to this Form 5 – Quarterly Listing Statement as Appendix "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions, for information supplementary to that contained in the notes to the unaudited condensed interim consolidated financial statements, which are attached hereto, please refer to the Management's Discussion & Analysis for the three and nine month periods ended December 31, 2022, as filed with securities regulatory authorities and attached to this Form 5 – Quarterly Listing Statement as Appendix "B".

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

The following securities were issued during the period of October 1, 2022 to December 31, 2022:

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Oct 12-22	Common Shares	Vested RSUs	366,232	$0.105	$38,454	RSUs	Third Party Consultant	N/A
Oct 12-22	Common Shares	Shares upon Acquisition	864,542	$0.101	$87,232	Acquisition Consideration	Third Party Acquisition	N/A
Dec 12-22	Common Shares	Vested RSUs	1,189,327	$0.085	$101,093	RSUs	Third Party Consultant	N/A
Dec 21-22	Common Shares	Shares issued for services	292,397	$0.086	$25,000	Shares for Services	Third Party Consultant	N/A
Dec 21-22	Common Shares	Shares upon Earn-Out Payment	957,853	$0.261	$250,000	Acquisition Contingent Consideration	Third Party Acquisition	N/A

(b) summary of options granted during the period,

The following options were granted during the period of October 1, 2022 to December 31, 2022:

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
	None					

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at December 31, 2022, the authorized capital of the Issuer consisted of an unlimited number of Common shares without par value, and without any special rights or restrictions, and 2,000,000 voting, convertible, redeemable preferred shares. As at December 31, 2022, 380,641,930 Common shares were issued and outstanding.

(b) number and recorded value for shares issued and outstanding,

Date	Number of common shares	Recorded value of common shares
As at December 31, 2022	380,641,930	$41,140,597

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options: Options to purchase Common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Incentive Plan.

As at December 31, 2022, the following options were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

			Number of Options				
Expiry Date	**Exercise Price**	**Opening Balance**	**Options Granted**	**Options Exercised**	**Options Expired**	**Options Forfeited**	**Closing Balance**
May 27, 2025	$0.06	2,500,000	-	-	-	-	2,500,000
May 27, 2023	$0.06	2,950,000	-	-	-	-	2,950,000
May 23, 2023	$0.06	1,000,000	-	-	-	-	1,000,000
Jun 10, 2023	$0.15	350,000	-	-	-	-	350,000
Jun 24, 2023	$0.105	500,000	-	-	-	-	500,000
Jul 16, 2023	$0.085	150,000	-	-	-	-	150,000
Dec 1, 2023	$0.10	200,000	-	-	-	-	200,000
Dec 30, 2023	$0.315	250,000	-	-	-	-	250,000
Mar 4, 2024	$0.32	200,000	-	-	-	-	200,000
Mar 18, 2023	$0.38	1,000,000	-	-	-	-	1,000,000
Sep 13, 2023	$0.25	200,000	-	-	-	-	200,000
Nov 2, 2024	$0.185	1,000,000	-	-	-	-	1,000,000
Mar 7, 2025	$0.12	6,600,000	-	-	-	-	6,600,000
May 10, 2024	$0.09	-	300,000	-	-	-	300,000
Jun 29, 2027	$0.075	-	400,000	-	-	-	400,000
		16,900,000	700,000	-	-	-	17,600,000

Warrants: As at December 31, 2022, the following warrants were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

		Warrants Outstanding and Exercisable	
Expiry Date	**Exercise Price**	**Number of Warrants**	**Average Remaining Contractual Life (Years)**
May 27, 2023	$0.06	1,300,000	0.41
February 24, 2024	$0.70	26,450,000	1.15
February 24, 2024	$0.44	1,804,705	1.15
June 8, 2024	$0.26	1,272,727	1.44
June 16, 2024	$0.26	1,579,346	1.46
July 16, 2024	$0.26	5,541,060	1.54
July 28, 2024	$0.38	37,983,600	1.58
July 28, 2024	$0.26	1,036,689	1.58
		76,968,127	1.39

Convertible Securities: an unsecured convertible promissory note issued for $442,700 (€300,000). 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.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

The Issuer has no shares subject to escrow or pooling agreements or any other restrictions on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director / Officer	Position with Issuer
Todd Shapiro	Director and CEO
David Ascott	CFO
Brad Lamb	Director
Binyomin Posen	Director
Ann Barnes	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the three and nine months ended December 31, 2022, as filed with securities regulatory authorities, is attached to this Form 5 – Quarterly Listing Statement as Appendix "B".

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated February 28, 2023.

David Ascott
Name of Director or Senior Officer

Signed: "David Ascott"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Red Light Holland Corp	For Quarter Ended Dec 31, 2022	Date of Report YY/MM/D 2023/02/28
Issuer Address 801, 1 Adelaide St. East		
City/Province/Postal Code Toronto / ON / M5C 2V9	Issuer Fax No. (416) 869-0547	Issuer Telephone No. (647) 204-7129
Contact Name Todd Shapiro	Contact Position CEO	Contact Telephone No.
Contact Email Address todd@redlight.co	Web Site Address https://redlight.co	

APPENDIX A

Red Light Holland Corp.

Unaudited condensed interim financial statements

for the three and nine month periods ended December 31, 2022

RED LIGHT HOLLAND CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of Red Light Holland Corp. (the "Company") have been prepared by, and are the responsibility of, the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RED LIGHT HOLLAND CORP.
Condensed Interim Consolidated Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)
As at December 31, 2022 and March 31, 2022

	December 31, 2022	March 31, 2022
ASSETS		
CURRENT		
Cash and cash equivalents	$ 19,695,794	$ 26,093,738
Accounts receivable	355,454	380,869
Sales tax receivable	317,163	127,512
Income tax receivable	4,069	15,638
Marketable securities (Note 5)	112,949	527,813
Prepaid expenses and deposits	615,366	220,641
Inventory (Note 6)	677,972	382,391
TOTAL CURRENT ASSETS	21,778,767	27,748,602
NON-CURRENT ASSETS		
Property and equipment (Note 7)	4,847,133	2,877,298
Marketable securities (Note 5)	666,302	682,332
Right of use asset (Note 12)	397,423	202,066
Prepaid expenses and deposits – long term (Note 16(a)(iv))	700,000	-
Call Option (Note 4)	108,848	110,608
Intangible assets (Note 8)	403,563	594,767
Goodwill (Note 9)	1,608,199	722,992
TOTAL ASSETS	$ 30,510,235	$ 32,938,665
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 20)	$ 1,059,889	$ 1,382,686
Loans and advances (Note 14)	905,059	905,059
Convertible debenture (Note 10)	442,151	385,440
Lease liability – current portion (Note 13)	123,307	59,294
TOTAL CURRENT LIABILITIES	2,530,406	2,732,479
NON-CURRENT LIABILITIES		
Lease liability (Note 13)	290,376	150,419
Contingent consideration (Note 11)	150,000	294,035
Deferred tax liability	451,172	603,743
TOTAL NON-CURRENT LIABILITIES	891,548	1,048,197
TOTAL LIABILITIES	3,421,954	3,780,676
SHAREHOLDERS' EQUITY		
Share capital (Note 16(a))	41,140,597	38,286,226
Shares to be issued (Note 16(e))	-	24,721
Warrants (Note 16(f))	10,701,239	10,701,239
Contributed surplus	3,922,397	4,755,373
Non-controlling interest (Note 15)	600,997	681,070
Accumulated other comprehensive loss	(72,157)	(158,617)
Accumulated deficit	(29,204,792)	(25,132,023)
TOTAL SHAREHOLDERS' EQUITY	27,088,281	29,157,989
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 30,510,235	$ 32,938,665

NATURE OF OPERATIONS (Note 1)

PROVISIONS, COMMITMENTS AND CONTINGENCIES (Note 19)

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 and nine months ended December 31, 2022 and 2021

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
REVENUE (Note 17)	1,175,235	622,247	2,696,749	1,703,122
COST OF SALES (Note 6)	588,081	389,455	1,532,742	1,217,630
GROSS PROFIT	587,154	232,792	1,164,007	485,492
OPERATING EXPENSES				
General and administrative (Note 22)	1,703,606	1,185,759	4,258,220	3,971,743
Share based payments (Note 16(b))	87,509	94,960	516,795	2,713,901
Interest expense	8,673	18,351	19,153	48,032
Research expense	112,841	-	344,737	-
	1,912,629	1,299,070	5,138,905	6,733,676
LOSS BEFORE OTHER ITEMS AND TAXES	(1,325,475)	(1,066,278)	(3,974,898)	(6,248,184)
OTHER ITEMS				
Realized (loss) gain on sale of marketable securities (Note 5)	-	-	(19,364)	93,823
Unrealized change in fair value of marketable securities (Note 5)	(99,336)	(189,159)	(346,191)	(1,000,957)
Reversal of provision for sales tax receivable	205,636	-	205,636	-
Contractual break fee (Note 23)	-	-	-	400,000
Foreign exchange loss	(4,579)	(8,123)	(9,183)	(9,019)
Change in fair value of convertible debenture (Note 10)	(46,759)	42,003	(56,711)	211,889
Change in fair value of call option (Note 4)	358	-	(1,760)	-
Change in fair value of contingent consideration (Note 11)	(158,345)	-	(205,965)	-
Interest income	54,725	14,831	106,836	47,608
NET LOSS BEFORE TAXES	(1,373,775)	(1,206,726)	(4,301,600)	(6,504,840)
Provision for income taxes (Note 24)	61,429	-	148,758	-
NET LOSS	(1,312,346)	(1,206,726)	(4,152,842)	(6,504,840)
NET LOSS ATTRIBUTABLE TO:				
Shareholders of Red Light Holland Corp.	(1,305,436)	(1,180,255)	(4,072,769)	(6,478,369)
Non-controlling Interests (Note 15)	(6,910)	(26,471)	(80,073)	(26,471)
NET LOSS	(1,312,346)	(1,206,726)	(4,152,842)	(6,504,840)
Foreign currency translation	117,121	(59,921)	86,460	(36,523)
COMPREHENSIVE LOSS	(1,195,225)	(1,266,647)	(4,066,382)	(6,541,363)
LOSS PER SHARE – Basic and diluted (Note 16(d))	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted	378,439,289	363,615,281	376,812,501	351,831,767

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 nine months ended December 31, 2022 and 2021

	Common Shares #	Common Shares $	Shares to be Issued $	Warrants $	Contributed Surplus $	Non-controlling Interest $	Accumulated Other Comprehe-nsive Loss $	Deficit $	Shareholders' Equity (Deficiency) $
Balance, March 31, 2022	**358,165,282**	**38,286,226**	**24,721**	**10,701,239**	**4,755,373**	**681,070**	**(158,617)**	**(25,132,023)**	**29,157,989**
Exercise of RSUs (Note 16(e))	5,604,559	1,374,492	(24,721)	-	(1,349,771)	-	-	-	-
Shares issued for services (Note 16(a))	13,625,731	1,025,000	-	-	-	-	-	-	1,025,000
Shares issued on acquisitions (Note 4)	2,288,505	204,879	-	-	-	-	-	-	204,879
Shares issued for contingent consideration (Note 11)	957,853	250,000	-	-	-	-	-	-	250,000
Share based payments	-	-	-	-	516,795	-	-	-	516,795
Net loss and comprehensive loss	-	-	-	-	-	(80,073)	86,460	(4,072,769)	(4,066,382)
Balance, December 31, 2022	**380,641,930**	**41,140,597**	**-**	**10,701,239**	**3,922,397**	**600,997**	**(72,157)**	**(29,204,792)**	**27,088,281**
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 16(f))	933,333	104,398	-	(48,398)	-	-	-	-	56,000
Exercise of stock options (Note 16(b))	2,166,667	354,730	-	-	(157,245)	-	-	-	197,485
Shares issued on acquisitions (Note 4)	24,057,200	7,548,030	-	-	-	-	-	-	7,548,030
Shares issued for services (Note 16(a))	197,318	51,302	-	-	-	-	-	-	51,302
Exercise of RSUs (Note 16(e))	3,372,000	1,213,920	-	-	(1,213,920)	-	-	-	-
Share based payments	-	-	-	-	2,713,901	-	-	-	2,713,901
Non-controlling interest (Note 15)	-	-	-	-	-	1,718,000	-	-	1,718,000
Net loss and comprehensive loss	-	-	-	-	-	(26,471)	(36,523)	(6,478,369)	(6,541,363)
Balance, December 31, 2021	**363,615,282**	**40,493,809**	**-**	**10,967,734**	**3,941,070**	**1,691,529**	**(52,471)**	**(17,243,265)**	**39,798,406**

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

RED LIGHT HOLLAND CORP.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)
For the nine months ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	$ (4,152,842)	$ (6,504,840)
Items not affecting cash:		
Unrealized loss in fair value of marketable securities (Note 5)	346,191	1,000,957
Realized loss (gain) on sale of marketable securities (Note 5)	19,364	(93,823)
Change in fair value of convertible debenture (Note 10)	56,711	(211,889)
Change in fair value of call option (Note 4)	1,760	-
Change in fair value of contingent consideration (Note 11)	205,965	-
Reversal of provision for sales tax receivable	(205,636)	-
Amortization and depreciation	443,722	332,494
Interest and accretion	18,232	33,745
Share based payments	516,795	2,765,203
Shares issued for services	25,000	-
Deferred tax recovery (Note 24)	(152,571)	-
Movements in working capital:		
Accounts receivable	87,447	(80,801)
Sales tax receivable	15,985	(218,577)
Inventory (Note 6)	(68,429)	(23,002)
Prepaid expenses	(94,725)	64,780
Income tax receivable	11,569	-
Loans and advances	-	397,509
Accounts payable and accrued liabilities	(400,467)	(294,962)
Cash flows used in operating activities	(3,325,929)	(2,833,206)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale of marketable securities (Note 5)	65,339	161,610
Acquisition of subsidiaries-net of cash acquired (Note 4)	(957,974)	(337,823)
Acquisitions earn out payment (Note 11)	(100,000)	(50,000)
Acquisition of property and equipment (Note 7)	(2,065,208)	(473,406)
Acquisition of intangible assets (Note 8)	-	(615,749)
Cash flows used in investing activities	(3,057,843)	(1,315,368)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
Exercise of warrants	-	56,000
Exercise of options	-	197,485
Lease payments (Note 13)	(98,920)	(41,381)
Cash flows from financing activities	(98,920)	212,104
Effect of changes in foreign currency rates on cash	84,748	10,971
CHANGE IN CASH	(6,482,692)	(3,925,499)
CASH, BEGINNING OF PERIOD	26,093,738	31,185,487
CASH, END OF PERIOD	$ 19,695,794	$ 27,259,988
SUPPLEMENTAL INFORMATION:		
Shares issued for services	1,025,000	51,302
Shares issued for acquisitions	204,879	7,548,030

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

1. NATURE OF OPERATIONS

Red Light Holland Corp. ("RLHC" or the "Company") is engaged in the production, growth and sale of functional mushrooms and mushroom home grow kits in North America and Europe, and a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands. 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. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "TRIP".

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and note disclosures normally included in the 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 condensed interim consolidated financial statements should be read in conjunction with the Company's March 31, 2022 audited annual consolidated financial statements.

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

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 27, 2023.

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 condensed interim consolidated financial statements include the accounts of the Company and all its subsidiaries. Intercompany accounts and balances are eliminated upon consolidation.

Name of subsidiary	Country of Incorporation	Functional Currency	Dec 31 2022 Percentage Ownership	Dec 31 2021 Percentage Ownership
RLH Netherlands B.V.	Netherlands	EUR	100%	100%
Red Light Holland (Subco 1) Inc.	Canada	CAD	100%	100%
Red Light Holland (Subco 2) Inc.	Canada	CAD	100%	100%
SR Wholesale B.V.	Netherlands	EUR	100%	100%
Red Light Acquisition Inc.	United States	USD	100%	100%
Radix Motion Inc.	United States	USD	100%	100%
4316747 Nova Scotia Limited ("Happy Caps")	Canada	CAD	80%	80%
Acadian Exotic Mushrooms Ltd. ("AEM")	Canada	CAD	51%	51%
Mera Life Sciences LLC	St Vincent	USD	100%	100%
Wellness World Oss BV	Netherlands	EUR	100%	-
Wellness World Utrecht BV	Netherlands	EUR	100%	-
Minichamp BV	Netherlands	EUR	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 condensed interim 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. Significant judgements, estimates and assumptions within these condensed interim consolidated financial statements remain the same as those applied to the consolidated financial statements for the year ended March 31, 2022.

(b) Accounting policies

The accounting policies applied in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's March 31, 2022 annual consolidated financial statements, except for the adoption of new standards and interpretations as of April 1, 2022.

Future accounting standards

At the date of authorization of these condensed interim consolidated financial statements, the IASB and the IFRS Interpretations Committee (IFRIC) have issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods. The Company has not early adopted these standards, amendments or interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the condensed interim consolidated financial statements.

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.

Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to IAS 8): In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021.

The amendments introduce a new definition of 'accounting estimates' to replace the definition of 'change in accounting estimates' and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are 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.

4. BUSINESS ACQUISITIONS

(i) RADIX MOTION INC. ("Radix")

On June 8, 2021, the Company announced that its wholly owned subsidiary, Red Light Acquisition Inc. ("Red Light US") acquired Radix Motion Inc., a technology and innovation company focused on empowering the psychedelic ecosystem with embodied technology, including augmented reality, virtual reality, and interactive holograms. The Company believes the Acquisition was completed effective June 7, 2021, pursuant to the terms of the definitive agreement, pursuant to which Red Light US acquired all of the issued and outstanding shares of Radix for $4,209,454.

The consideration was comprised of: (i) 12,701,742 common shares of Red Light Holland, having an aggregate value of $4,128,066 with each share valued at the closing price on the Canadian Securities Exchange on the date of acquisition and (ii) $81,388 in cash. Pursuant to the Acquisition Agreement, 25% of the shares issued have been placed in escrow for a period of 18 months from Closing, and the shares issued are subject to a 24-month lock-up.

The transaction has been accounted for as an asset acquisition and not a business acquisition because on the date of acquisition, Radix did not have inputs, outputs or a critical process or ability to develop inputs into outputs. At the date of acquisition, Radix was still developing its embodied technology, and did not have the key inputs for it to be able to apply a process and generate outputs.

The assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Assets Acquired	**$**
Cash	11,459
Property and equipment	3,837
Intangible assets: in-process research & development ("IPR&D")	4,194,158
Net assets as at June 7, 2021	**4,209,454**

Consideration	**$**
Cash	81,388
Common shares	4,128,066
	4,209,454

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

On June 10, 2021, the Company announced that it 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, 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 effective June 10, 2021, pursuant to the terms of the definitive agreement, pursuant to which the Company acquired 80% of the issued and outstanding shares of Happy Caps for $571,982. The consideration was comprised of $50,000 cash and 1,290,323 common shares of the Company (the "Red Light Shares") with a fair value of $380,327. The Red Light Shares issued are subject to a statutory hold period expiring on October 11, 2021. 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. The fair value assigned to the future earn out payments was $141,655 on the acquisition date. During the year ended March 31, 2022, the first earn-out milestone was achieved and the associated payment of $50,000 was recorded as a reduction in contingent consideration. During the nine months ended December 31, 2022, upon meeting the targets of two earn-out milestones, additional payments in the aggregate amount of $100,000 were recorded as a reduction in contingent consideration. See Note 11 for further detail on the contingent consideration.

In addition to the foregoing, as per the terms of the Acquisition Agreement, the Vendors have granted the Company an option to acquire the remaining shares in Happy Caps, thus allowing the Company to become the sole shareholder of Happy Caps (the "Call Option"), at a 100% enterprise value equal to $2,500,000. The Call Option can 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.

4. BUSINESS ACQUISITIONS (continued)

The transaction has been accounted for as a business combination under IFRS 3 – Business Combinations as the operations of Happy Caps meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at fair value.

The assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Net assets acquired	**$**
Cash	11,581
Accounts receivable	7,594
Inventory	42,279
Right-of-use asset	31,440
Intangible asset – trade name	130,269
Financial asset – call option	110,608
Accounts payable	(22,070)
Lease liability	(31,440)
Deferred tax liability	(37,778)
Net assets as at June 10, 2021	**242,483**

Consideration	**$**
Cash	50,000
Contingent consideration	141,655
Common shares	380,327
	571,982

Purchase price allocation	**$**
Net identifiable assets acquired	242,483
Non-controlling interest (net of a 20% discount)	(114,397)
Goodwill	443,896
	571,982

The goodwill generated as a result of this acquisition relates to other intangible assets that do not qualify for separate recognition such as assembled workforce and synergies that do not qualify for separate recognition. No goodwill for the Happy Caps acquisition is expected to be deductible for tax purposes.

The intangible asset comprised of the tradename with a fair value of $130,269. The fair value of the tradename was determined using a five-year discounted cash flow analysis. The key assumptions used in the cash flow projection related to the tradename include: (i) a discount rate of 30.1%; (ii) revenue growth rate of 125% in the first year, 16.8% in the second year and 2.5% thereafter; (iii) terminal revenue growth of 2.5% per year.

The contingent consideration has been classified as financial liability for the cash portion. For the share portion, as the total number of Red Light Shares payable under the contingent consideration arrangement is a variable number of shares and therefore, the contingent consideration has been classified as a financial liability.

The Company has used Monte Carlo model to estimate the fair value of contingent consideration from Happy Caps acquisition on the date of acquisition. The key inputs included in the model are: (i) variability in revenue of 56%; (ii) discount rate of 19%; (iii) risk free rate of 0.31%.

From the date of acquisition to December 31, 2021, Happy Caps contributed $165,814 to the Company's revenues and $21,327 to the net earnings. Had the acquisition occurred on April 1, 2021, the Company's revenue and net earnings for the nine months ended December 31, 2021 would have increased by $56,897 and $7,318 respectively.

The financial asset comprised of the Call Option with a fair value of $108,848 (March 31, 2022 - $110,608) was determined using a black scholes model. The key assumptions used in the model related to the call option at December 31, 2022 include: (i) volatility of 75%; (ii) risk free rate: 3.28%; (iii) expected life: 10 years; (iv) underlying enterprise value (20%): $143,333; (v): strike price: $500,000 (March 31, 2022 - (i) volatility of 75%; (ii) risk free rate: 1.94%; (iii) expected life: 10 years; (iv) underlying enterprise value (20%): $143,333; (v): strike price: $500,000).

For the nine months ended December 31, 2022 a change in fair value of the call option of $1,760 (2021 - $nil) was recorded in the condensed interim consolidated statements of loss.

4. BUSINESS ACQUISITIONS (continued)

(iii) Acadian Exotic Mushrooms Ltd ("AEM")

On September 7, 2021, the Company completed the acquisition of an 51% stake in AEM. AEM is a Canadian gourmet mushroom production facility co-owned by leading Canadian mushroom farming groups.

The Acquisition was completed pursuant to the terms of the definitive agreement (the "Acquisition Agreement") dated September 7, 2021, pursuant to which the Company acquired 51% of the issued and outstanding shares of AEM for aggregate consideration of $1,164,048. The consideration was comprised of $230,000 cash and 3,065,135 common shares of the Company (the "Red Light Shares"), with each Red Light Share priced at $0.26 being the price of the Red Light Shares on the Canadian Securities Exchange immediately prior to the closing of the Acquisition. In calculating the fair value of the share consideration, a discount for the lack of marketability of 12% was applied. The Acquisition Agreement provides for up to 1,915,708 additional Red Light Shares (the "Earn-Out Shares") to be issued to the vendors subject to the satisfaction of certain milestones. The Company and the vendors have also entered into an offtake agreement, subject to which, the vendors will ensure a minimum purchase price of $6 per pound for all output from the facility for 3-year period. The Earn-Out Shares have been classified as liabilities and have been included in the condensed interim consolidated statements of financial position as contingent consideration. See Note 11 for further discussion on the contingent consideration.

The transaction has been accounted for as a business combination under IFRS 3 – Business Combinations as the operations of AEM meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at fair value.

The assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Net assets acquired	**$**
Cash	1,195
Sales tax receivable	9,092
Prepaids	6,168
Property, plant and equipment	2,502,584
Accounts payable	(10,511)
Loans payable	(618,704)
Deferred tax liability	(560,153)
Net assets as at September 7, 2021	**1,329,671**

Consideration	**$**
Cash	230,000
Contingent share consideration	202,380
Common shares	731,668
	1,164,048

Purchase price allocation	**$**
Net identifiable assets acquired	1,329,671
Non-controlling interest (net of 20% discount)	(894,719)
Goodwill	729,096
	1,164,048

The goodwill generated as a result of this acquisition relates to other intangible assets that do not qualify for separate recognition such as assembled workforce and synergies that do not qualify for separate recognition. No goodwill for AEM acquisition is expected to be deductible for tax purposes.

The contingent consideration has been classified as financial liability as the total number of Red Light Shares payable under the contingent consideration arrangement is a variable number of shares and was therefore classified as a financial liability.

The Company has used Monte Carlo model to estimate the fair value of contingent consideration from AEM acquisition on the date of acquisition. The key inputs included in the model are: (i) variability in revenue of 14%; (ii) discount rate of 2%; (iii) risk free rate of 0.27%.

From the date of acquisition to December 31, 2021, AEM contributed $nil to the Company's revenues and $86,741 to the net loss. Had the acquisition occurred on April 1, 2021, the Company's revenue and net loss for the nine months ended December 31, 2021 would have increased by $nil and $119,929 respectively.

4. BUSINESS ACQUISITIONS (continued)

(iv) Mera Life Sciences LLC ("Mera")

On August 24, 2021, the Company completed the acquisition of 100% of Mera Life Sciences LLC ("Mera"). The Acquisition was completed pursuant to the terms of the definitive agreement (the "Acquisition Agreement") dated July 29, 2021, pursuant to which Red Light Holland acquired 100% of the issued and outstanding shares of Mera for $189,000. The consideration is comprised of 700,000 common shares of the Company (the "Red Light Shares"), with each Red Light Share priced at $0.27, representing a 35% premium to the closing 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 6,300,000 additional Red Light Shares (the "Earn-Out Shares") to be issued to the vendors subject to the satisfaction of certain milestones.

The remaining 6,300,000 Red Light Shares will be released to the vendors based on the achievement of several milestones, which include: the importation of 15,000 grams of iMicrodose truffles to St. Vincent and the Grenadines ("SVG"), governmental authority to rename Mera to Scarlette Lillie Sciences and Innovation, the successful prescription and sale of iMicrodose truffles to at least five patients in SVG or the successful administration of iMicrodose truffles to at least five participants in a scientific study or trial in SVG, the extraction and testing of the iMicrodose truffles, the successful export of iMicrodose truffles from SVG to another jurisdiction, and the final implementation of SVG's regulatory framework for the psychedelics industry.

The remaining 6,300,000 Red Light Shares are held in escrow by the Company's legal counsel and will only be issued to the vendors of Mera when the milestones are met. As at March 31, 2022 and December 31, 2022, such milestone events have not been met. For the condensed interim consolidated financial statements on December 31, 2021, the escrow shares were reported as part of the purchase price consideration as a provisional assessment of the transaction and subsequently amended to escrow shares in the audited consolidated financial statements on March 31, 2022.

Mera currently holds a Medicinal Industry Development License (the "License") issued by the SVG Bureau of Standards, which permits the research, cultivation, production, development and extraction, import and export, clinical treatment facilities, and prescribed patient access of psylocibin in specifically licensed clinical treatment facilities.

The transaction has been accounted for as an asset acquisition and not the acquisition of business because on the date of acquisition, Mera did not have inputs, outputs or a critical process or ability to develop inputs into outputs. Mera was in the early stage of cultivation, extraction, research and development of the clinical use of psychedelic truffles. As such, the remaining unidentifiable assets did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed $189,000 in the condensed interim consolidated statement of loss and comprehensive loss.

The assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Purchase price	**$**
700,000 common shares	189,000
Consideration paid in excess of net assets acquired.	**189,000**

(v) Wellness World Utrecht BV and Wellness World Oss BV ("Wellness World")

On July 26, 2022, the Company established two newly formed and wholly owned subsidiaries, Wellness World Utrecht BV and Wellness World Oss BV. The subsidiaries were incorporated to acquire two SmartShop retail stores located in Utrecht and Oss, Netherlands, two of the Netherlands premiere retail shops for quality psychedelic truffles. Concurrently with the formation of Wellness World Utrecht BV and Wellness World Oss BV, the Company entered into two asset purchase agreements to acquire each of the retail stores. On August 1, 2022, the acquisitions were finalized. The acquisition in Utrecht had total consideration of €200,000 consisting of €140,000 paid in cash and €60,000 satisfied through the issuance of shares. The acquisition of Oss had total consideration of €100,000 consisting of €70,000 paid in cash and €30,000 satisfied through the issuance of shares.

The total fair value of consideration of $392,160 is comprised of $274,511 (€210,000) in cash plus 1,423,963 common shares of Red Light Holland with a fair value of $117,649. The common shares are subject to a statutory hold period of four months and one day and shall be deposited into escrow and released every six months in 25% allotments.

4. BUSINESS ACQUISITIONS (continued)

The transaction has been accounted for as a business combination under IFRS 3 – Business Combinations as the operations of the SmartShops meet the definition of a business. 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 this acquisition no later than one year from the date of acquisition 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 assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Net assets acquired	**$**
Cash	1,163
Inventory	91,180
Equipment	8,390
Right-of-use asset	190,607
Accounts payable	(1,162)
Lease liability	(190,607)
Net assets as at August 1, 2022	**99,571**

Consideration	**$**
Cash	274,511
Common shares	117,649
	392,160

Purchase price allocation	**$**
Net identifiable assets acquired	99,571
Goodwill	292,589
	392,160

The goodwill generated as a result of this acquisition relates to other intangible assets that do not qualify for separate recognition such as assembled workforce and synergies that do not qualify for separate recognition. No goodwill for the Wellness World acquisition is expected to be deductible for tax purposes.

From the date of acquisition to December 31, 2022, Wellness World contributed $127,815 to the Company's revenue and $46,825 to the Company's net loss. Had the acquisition occurred on April 1, 2022, the Company's revenue and net loss for the nine months ended December 31, 2022 would have increased by $102,588 and $37,583, respectively.

(vi) Minichamp BV ("Minichamp")

On October 4, 2022, the Company acquired 100% of the issued and outstanding shares of MiniChamp B.V., located in Horst, The Netherlands, a producer of grow at home mushroom kits with existing distribution channels throughout the European Union. The consideration was comprised of €550,000 cash and 864,542 common shares of the Company with a deemed price of $0.1009 per share, 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 €100,000 of earn out payments to be made to the Vendor subject to reaching certain sales milestones and, as of the reporting date, no financial liability has been recognized in relation to the future potential earn out payments.

The transaction has been accounted for as a business combination under IFRS 3 – Business Combinations as the operations of MiniChamp B.V. meet the definition of a business. Due to the complexity associated with the valuation process and short period of time between the acquisition date and the reporting date, the identification and measurement of the assets acquired and liabilities assumed is not yet complete as the valuation process and analysis of resulting tax effects is currently in progress. Management will finalize the accounting for this acquisition no later than one year from the date of acquisition 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.

4. BUSINESS ACQUISITIONS (continued)

The assessment of the purchase price allocation on the date of acquisition has been determined as follows:

Net assets acquired	**$**
Cash	58,754
Accounts receivable	62,032
Inventory	135,972
Equipment	47,932
Accounts payable	(76,508)
Net assets as at October 4, 2022	**228,182**

Consideration	**$**
Cash	743,380
Common shares	87,230
	830,610

Purchase price allocation	**$**
Net identifiable assets acquired	228,182
Goodwill	602,428
	830,610

The goodwill generated as a result of this acquisition relates to other intangible assets that do not qualify for separate recognition such as assembled workforce and synergies that do not qualify for separate recognition. No goodwill for the Minichamp acquisition is expected to be deductible for tax purposes.

From the date of acquisition to December 31, 2022, Minichamp contributed $144,695 to the Company's revenue and $26,639 to the Company's net earnings. Had the acquisition occurred on April 1, 2022, the Company's revenue and net earnings for the nine months ended December 31, 2022 would have increased by $305,833 and $56,305, respectively.

5. MARKETABLE SECURITIES

	Number of Securities	**Cost**	**Value**
PharmaDrug Inc. – common shares (level 1)	1,500,000	63,750	22,500
PharmaDrug Inc. – warrants (level 2)	12,000,000	392,596	47,601
FSD Pharma Inc. – shares (level 1)	41,200	50,000	42,848
Elevate Farms Inc. – shares (level 3)	22,988	100,000	432,634
Elevate Farms Inc. – warrants (level 3)	22,988	-	233,668
Balance, December 31, 2022		606,346	779,251
Current Portion			112,949
Long-Term Portion			666,302
Total			779,251

5. MARKETABLE SECURITIES (continued)

	Number of Securities	Cost	Value
PharmaDrug Inc. – common shares (level 1)	3,493,000	147,697	157,185
PharmaDrug Inc. – warrants (level 2)	12,000,000	392,596	325,308
FSD Pharma Inc. – shares (level 1)	41,200	50,000	45,320
Elevate Farms Inc. – shares (level 3)	22,988	100,000	432,634
Elevate Farms Inc. – warrants (level 3)	22,988	-	249,698
Balance, March 31, 2022		690,293	1,210,145
Current Portion			527,813
Long-Term Portion			682,332
Total			1,210,145

The fair value of the PharmaDrug warrants as at December 31, 2022 was estimated using the Black-Scholes option pricing model using the following assumptions: term – 1.5 years; expected volatility – 146%; expected interest rate – 3.55%. The fair value of these warrants as at March 31, 2022 was estimated using the Black-Scholes option pricing model using the following assumptions: term – 2.3 years; expected volatility – 146%; expected interest rate – 2.27%.

Based on management's intention and ability, the investment in Elevate Farms Inc. has been classified as non-current. Elevate is not a publicly traded company; therefore, the fair value was classified as level 3 within the fair value hierarchy. The share price has been estimated based on Elevate's recent financings.

The fair value of the Elevate Farms warrants as at December 31, 2022 was estimated using the Black-Scholes option pricing model using the following assumptions: share price - $18.82; term – 0.1 years; expected volatility – 77%; expected interest rate – 4.52%. The fair value of these warrants as at March 31, 2022 was estimated using the Black-Scholes option pricing model using the following assumptions: share price - $18.82; term – 0.9 years; expected volatility – 77%, expected interest rate – 1.94%.

During the three and nine months ended December 31, 2022, the Company sold nil and 1,993,000 shares of PharmaDrug, respectively, for proceeds of $nil and $65,339, respectively, resulting in a loss on sale of marketable securities of $nil and $19,364, respectively. During the three and nine months ended December 31, 2021, the Company sold nil and 1,595,000 shares of PharmaDrug, respectively, for proceeds of $nil and $161,610, respectively, which resulted in a gain on sale of marketable securities of $nil and $93,823, respectively.

	Level 1	Level 2	Level 3	Total
At March 31, 2022	$ 202,505	$ 325,308	$ 682,332	$ 1,210,145
Disposals	(84,703)	-	-	(84,703)
Revaluation to fair market value	(52,454)	(277,707)	(16,030)	(346,191)
At December 31, 2022	$ 65,348	$ 47,601	$ 666,302	$ 779,251
At March 31, 2021	$ 483,360	$ 912,211	$ 200,000	$ 1,595,571
Transfer	50,000		(50,000)	-
Disposals	(67,787)	-	-	(67,787)
Revaluation to fair market value	(288,934)	(662,023)	(50,000)	(1,000,957)
At December 31, 2021	$ 176,639	$ 250,188	$ 100,000	$ 526,827

For the three and nine months ended December 31, 2022 the unrealized change in fair value of marketable securities amounted to a loss of $99,336 and $346,191, respectively (December 31, 2021 – a loss of $189,159 and $1,000,957, respectively), which is recorded in the condensed interim consolidated statements of loss and comprehensive loss.

5. MARKETABLE SECURITIES (continued)

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-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Company's investments, measured at fair value and categorized into levels of the fair value hierarchy on the condensed interim consolidated statements of financial position as at December 31, 2022 and March 31, 2022:

Investments, at fair value	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total
December 31, 2022	$ 65,348	$ 47,601	$ 666,302	$ 779,251
March 31, 2022	$ 202,505	$ 325,308	$ 682,332	$ 1,210,145

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 condensed interim 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.

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

Description	Fair value at December 31, 2022	Valuation-technique / unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs
Unlisted private equities	$ **666,302**	Recent financing activity	85.5	Additional recent financing activity

Description	Fair value at March 31, 2022	Valuation-technique / unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs
Unlisted private equities	$ **682,332**	Recent financing activity	56.4	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 +/- $166,575 change in the total fair value of the investments as at December 31, 2022 (March 31, 2022 - $170,583).

5. MARKETABLE SECURITIES (continued)

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.

6. INVENTORY

	Dec 31, 2022	Mar 31, 2022
Materials	$ 179,929	$ 29,612
Merchandise	23,969	23,969
Finished Goods	474,074	328,810
Inventory	$ 677,972	$ 382,391

For the three and nine months ended December 31, 2022, inventory recognized as an expense amounted to $588,081 and $1,532,742, respectively, (December 31, 2021 - $389,455 and $1,217,630, respectively), which is included in cost of sales in the condensed interim consolidated statements of loss and comprehensive loss

7. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold improvements	Vehicle	Total
Cost	$	$	$	$	$	$
Balance, Mar 31, 2021	-	-	69,308	26,257	36,341	131,906
Foreign currency adjustment	-	-	(1,652)	(1,612)	(1,985)	(5,249)
Acquisition - AEM	40,000	2,460,000	2,584	-	-	2,502,584
Acquisition - Radix	-	-	3,837	-	-	3,837
Additions	-	27,169	386,022	-	-	413,191
Balance, Mar 31, 2022	40,000	2,487,169	460,099	24,645	34,356	3,046,269
Foreign currency adjustment	-	-	11,163	-	5,054	16,217
Acquisitions	-	-	51,732	-	4,590	56,322
Transfer	-	-	(10,799)	-	10,799	-
Disposal	-	-	-	(24,645)	-	(24,645)
Additions	1,377,635	616,442	71,131	-	-	2,065,208
Balance, Dec 31, 2022	1,417,635	3,103,611	583,326	-	54,799	5,159,371
Accumulated Depreciation						
Balance, Mar 31, 2021	-	-	4,691	3,501	1,772	9,964
Foreign currency adjustment	-	-	42,094	(1,316)	(4,337)	36,441
Depreciation	-	71,474	18,128	22,460	10,504	122,566
Balance, Mar 31, 2022	-	71,474	64,913	24,645	7,939	168,971
Foreign currency adjustment	-	-	5,383	-	6,343	11,726
Transfer	-	-	(10,799)	-	10,799	-
Disposal	-	-	-	(24,645)	-	(24,645)
Depreciation	-	74,116	75,706	-	6,364	156,186
Balance, Dec 31, 2022	-	145,590	135,203	-	31,445	312,238
Carrying amount						
Balance, Mar 31, 2022	40,000	2,415,695	395,186	-	26,417	2,877,298
Balance, Dec 31, 2022	1,417,635	2,958,021	448,123	-	23,354	4,847,133

7. PROPERTY AND EQUIPMENT (continued)

For the three and nine months ended December 31, 2022, depreciation expense related to property and equipment amounted to $53,818 and $156,186, respectively, (December 31, 2021 - $23,461 and $42,663, respectively), which are included in general and administrative expenses in the condensed interim consolidated statements of loss and comprehensive loss.

8. INTANGIBLE ASSETS

	Trade name	Virtual reality technology	Developed technology	Customer relationships	Non-compete agreement	IPR&D	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, Mar 31, 2021	-	40,317	140,623	811,745	221,385	-	1,214,070
Additions	-	-	-	-		-	-
Acquisitions	130,269	-	-	-	-	4,194,158	4,324,427
Impairment loss	-	(40,317)	(140,623)	(43,341)	(207,796)	(4,178,113)	(4,610,190)
Foreign currency adjustment	-	-	-	(49,810)	(13,589)	(16,045)	(79,444)
Balance, Mar 31, 2022	130,269	-	-	718,594	-	-	848,863
Foreign currency adjustment	-	-	-	31,302	-	-	31,302
Balance, Dec 31, 2022	130,269	-	-	749,896	-	-	880,165
Accumulated Amortization							
Balance, Mar 31, 2021	-	-	-	8,002	2,181	-	10,183
Amortization	10,493	-	-	267,061	72,835	-	350,389
Impairment loss	-	-	-	(14,693)	(71,312)	-	(86,005)
Foreign currency adjustment	-	-	-	(16,767)	(3,704)	-	(20,471)
Balance, Mar 31, 2022	10,493	-	-	243,603	-	-	254,096
Amortization	24,426	-	-	175,299	-	-	199,725
Foreign currency adjustment	-	-	-	22,781	-	-	22,781
Balance, Dec 31, 2022	34,919	-	-	441,683	-	-	476,602
Carrying amount							
Balance, March 31, 2022	119,776	-	-	474,991	-	-	594,767
Balance, Dec 31, 2022	95,350	-	-	308,213	-	-	403,563

For the three and nine months ended December 31, 2022, amortization expense related to intangible assets amounted to $67,890 and $199,725, respectively, (December 31, 2021 - $83,225 and $253,998, respectively), which are included in general and administrative expenses in the condensed interim consolidated statement of loss and comprehensive loss.

9. GOODWILL

The continuity of the Company's goodwill is summarized as follows:

	$
Balance, March 31, 2021	944,570
Additions upon acquisition (Note 4)	1,172,992
Foreign currency adjustment	18,260
Impairment loss	(1,412,830)
Balance, March 31, 2022	722,992
Additions upon acquisition (Note 4)	895,017
Foreign currency adjustment	(9,810)
Balance, December 31, 2022	1,608,199

10. CONVERTIBLE DEBENTURE

	$
Balance, March 31, 2022	385,440
Change in fair value of convertible debenture	56,711
Balance, December 31, 2022	442,151

Balance, March 31, 2021	713,886
Interest and accretion	25,933
Change in fair value of convertible debenture	(211,889)
Balance, December 31, 2021	527,930

The convertible debenture has been classified as a current liability in the condensed interim consolidated statement of financial position as the maturity date is within twelve months of the reporting date.

As at December 31, 2022, the fair value of the convertible debenture was calculated at $442,151. Of this amount, the fair value of the note was calculated at $442,150 using a market interest rate of 15.0%. The fair value of the conversion feature was calculated at $1 using the Black Scholes option pricing model using the following assumptions: risk free rate of 4.52%, volatility of 81% (based on comparable companies), dividend yield of 0%, and a term of 0.21 years. As a result of the fair value assessment for the three and nine months ended December 31, 2022, the Company recorded a loss on change in fair value of convertible debenture in the amount of $46,759 and $56,711, respectively, in the condensed interim consolidated statements of loss and comprehensive loss (December 31, 2021 – gain of $42,003 and $211,889, respectively).

As at March 31, 2022, the fair value of the convertible debenture was calculated at $385,440. Of this amount, the fair value of the note was calculated at $381,343 using a market interest rate of 15.0%. The fair value of the conversion feature was calculated at $4,097 using the Black Scholes option pricing model using the following assumptions: risk free rate of 1.94%, volatility of 81% (based on comparable companies), dividend yield of 0%, and a term of 0.96 years.

11. CONTINGENT CONSIDERATION

	$
Balance, March 31, 2021	-
Issued in Happy Caps acquisition (Note 4)	141,655
Issued in AEM acquisition (Note 4)	202,380
Cash payment made on contingent consideration issued in Happy Caps acquisition	(50,000)
Gain/loss from remeasurement	-
Balance, March 31, 2022	294,035
Change in fair value of contingent consideration	205,965
Cash payments made on contingent consideration issued in Happy Caps acquisition	(100,000)
Stock payment made on contingent consideration issued in AEM acquisition	(250,000)
Balance, December 31, 2022	150,000

For Happy Caps, as of December 31, 2022, Earn Out Period 1 and Earn Out Period 2 has ended and the related cash payment in the amount of $100,000 (2021 - $50,000) was paid to the former shareholders of Happy Caps. As of December 31, 2022, Earn Out Period 3 has not ended, and therefore the Company has not made any payment to the former shareholders.

For AEM, as of December 31, 2022, the Earn Out Period has ended and the related common share payment in the amount of $250,000 has been earned by the former shareholders of AEM and recorded as Share Capital in the condensed interim consolidated statement of changes in shareholders' equity. For the three and nine months ended December 31, 2022, the Company recorded a loss on the fair value of contingent consideration in the amount of $158,345 and $205,965, respectively, (2021 - $nil and $nil, respectively) in the condensed interim consolidated statement of loss and comprehensive loss. There are no contingent consideration liabilities remaining in connection with the AEM acquisition.

The contingent consideration has been classified as financial liability as the total number of Red Light Shares payable under the contingent consideration arrangement is a variable number of shares and was therefore classified as a financial liability.

12. RIGHT OF USE ASSET

	$
Balance, March 31, 2021	149,749
Additions - leases	124,005
Acquired upon acquisition	31,440
Disposition lease	(22,486)
Depreciation	(50,735)
Foreign currency adjustment	(29,907)
Balance, March 31, 2022	202,066
Additions – leases	70,010
Acquired upon acquisition	190,607
Depreciation	(87,811)
Foreign currency adjustment	22,551
Balance, December 31, 2022	397,423

For the three and nine months ended December 31, 2022, depreciation expense related to right of use assets amounted to $34,579 and $87,811, respectively, (December 31, 2021 - $12,104 and $35,833, respectively), which are included in general and administrative expenses in the condensed interim consolidated statements of loss and comprehensive loss.

13. LEASE LIABILITIES

	$
Balance, March 31, 2021	152,611
Additions	124,005
Acquired upon acquisition (Note 4)	31,440
Disposition	(23,619)
Interest expense	12,491
Lease payments	(88,078)
Foreign currency adjustment	863
Balance, March 31, 2022	209,713
Additions	70,010
Acquired upon acquisition (Note 4)	190,607
Interest expense	18,232
Lease payments	(98,920)
Foreign currency adjustment	24,041
Balance, December 31, 2022	413,683

Allocated as:	**Dec 31, 2022**	**Mar 31, 2022**
Current	123,307	59,294
Long term	290,376	150,419
Balance	413,683	209,713

On June 10, 2021, through the acquisition of Happy Caps, the Company assumed a leased premise and the associated lease liability with a fair value of $31,440. The lease term is until February 1, 2023 with a renewal option. The lease payments are discounted using an interest rate of 12.00%, which is the Company's incremental borrowing rate in Canada.

On October 1, 2021, the Company financed equipment under lease terms in the amount of $124,005. Under the terms of the lease, the Company is required to pay monthly payments of $1,879 until September 1, 2027. The lease payments are discounted using an interest rate of 2.99%, which is the stated rate in the finance agreement.

On April 1, 2022, the Company agreed to a leased premise and the associated lease liability with a fair value of $70,010. The lease term is until March 31, 2024 with a one year renewal option. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in the Netherlands.

On August 1, 2022, through the acquisition of Wellness World, the Company assumed a leased premise and the associated lease liability with a fair value of $190,607. The lease term is until August 31, 2027. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in the Netherlands.

For the three and nine months ended December 31, 2022, interest and accretion expense related to lease liabilities amounted to $7,532 and $18,232, respectively, (December 31, 2021 - $1,603 and $7,812, respectively), which are included in interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

14. LOANS AND ADVANCES

As at December 31, 2022, the Company has recorded loans in the amount of $905,059 (March 31, 2022 - $905,059) which are unsecured, non-interest bearing with no specific terms of repayment. These are advances owing to the minority interest holders of AEM. $590,404 (March 31, 2022 - $590,404) of the advances originated prior to the acquisition of AEM and the remaining $314,655 (March 31, 2022 - $314,655) represent funds deposited by the minority interest holders post acquisition for the procurement of capital expenditures.

15. NON-CONTROLLING INTEREST

	Happy Caps $	AEM $	Total $
Balance, March 31, 2021	-	-	-
Non-controlling interest acquired (Note 4)	114,397	894,719	1,009,116
Net loss attributable to non-controlling interest	(2,556)	(325,490)	(328,046)
Balance, March 31, 2022	111,841	569,229	681,070
Net loss attributable to non-controlling interest	(16,399)	(63,674)	(80,073)
Balance, December 31, 2022	95,442	505,555	600,997

16. 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

Details of shares issued and outstanding are as follows:

	Shares	Amount
Balance March 31, 2021	**332,888,764**	**31,221,429**
Shares issued on acquisition of Radix (Note 4)	12,701,742	4,128,066
Shares issued on acquisition of Happy Caps (Note 4)	1,290,323	380,327
Shares issued on acquisition of Mera (Note 4)	700,000	189,000
Shares issued on acquisition of AEM (Note 4)	3,065,135	731,668
Shares issued for consulting services (iii)	197,318	50,398
Shares issued on exercise of RSUs (Note 16 (e))	4,222,000	1,126,210
Shares issued on exercise of warrants (i)	933,333	104,398
Shares issued on exercise of options (i)	2,166,667	354,730
Balance, March 31, 2022	**358,165,282**	**38,286,226**
Shares issued on acquisition of Wellness World (Note 4)	1,423,963	117,649
Shares issued on acquisition of Minichamp BV (Note 4)	864,542	87,230
Shares issued for contingent consideration (Note 11)	957,853	250,000
Shares issued for services (iv) (v)	13,625,731	1,025,000
Shares issued on exercise of RSUs (Note 16 (e))	5,604,559	1,374,492
Balance, December 31, 2022	**380,641,930**	**41,140,597**

(i) During the year ended March 31, 2022, 933,333 warrants were exercised for proceeds of $56,000. The warrants had a recorded value of $48,398. During the year ended March 31, 2022, 2,166,667 options were exercised for proceeds of $197,485. The options had a recorded value of $157,245. Upon exercise the recorded values were debited from contributed surplus and credited to share capital.

(ii) During the year ended March 31, 2022, the Company issued 17,757,200 common shares pursuant to the acquisition of Radix, Happy Caps, Mera and AEM (see note 4).

(iii) During the year ended March 31, 2022, the Company issued 197,318 shares in relation to a consulting service agreement. The shares issued were measured based on the fair value of shares issued on the issuance date.

16. CAPITAL STOCK (continued)

(iv) During the period ended December 31, 2022, the Company issued 13,333,334 common shares to certain consultants of the Company in accordance with an IP agreement related to future marketing and branding commitments which have been recorded to prepaid expenses and deposits and long-term prepaid expenses and deposits in the amounts of $200,000 and $800,000, respectively.

(v) During the period ended December 31, 2022, the Company issued 292,397 common shares in relation to a consulting service agreement. The shares issued were measured based on the fair value of shares issued on the issuance date.

(vi) During the period ended December 31, 2022, the Company issued 1,423,963 common shares pursuant to the acquisition of Wellness World and 864,542 common shares pursuant to the acquisition of Minichamp (see Note 4).

(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 38,064,193 common shares.

On September 13, 2021, the Company issued 200,000 stock options to a consultant exercisable at $0.25 per share and expire two years from the date of issuance. The options vest 1/2 immediately, and 1/2 after twenty-four months. The options were valued at $38,851 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 172%; Interest rate – 0.41%.

On November 2, 2021, the Company issued 1,000,000 stock options upon the appointment of the Chief Financial Officer at $0.185 per share and expire three years from the date of issuance. The options vest 1/3 after 12 months and 1/6 every six months thereafter. The options were valued at $160,212 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 1.07%.

On March 3, 2022, the Company issued 6,600,000 stock options to certain directors, officers and consultants exercisable at $0.120 per share and expire three years from the date of issuance. 1/4 of the options vest on June 30, 2022, 1/4 vest on September 30, 2022, 1/4 vest on December 31, 2022 and the remainder vest on March 31, 2023. The options were valued at $600,355 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 145%; Interest rate – 1.48%.

On May 10, 2022, the Company issued 300,000 stock options to a consultant exercisable at $0.090 per share and expire three years from the date of issuance. 1/2 of the options vest on May 10, 2023 and the remainder vest on May 10, 2024. The options were valued at $23,468 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 2.67%.

On June 29, 2022, the Company issued 400,000 stock options to consultants exercisable at $0.075 per share and expire five years from the date of issuance. 1/2 of the options vest on June 29, 2023 and the remainder vest on June 29, 2024. The options were valued at $28,491 using the Black-Scholes option pricing model using the following assumptions: Term – 5 years; Volatility – 172%; Interest rate – 3.14%.

The following table reflects the continuity of options for the nine months ended December 31, 2022 and the year ended March 31, 2022:

	Options #	Amount $	Weighted Average Exercise Price $
Balance, March 31, 2021	12,266,667	2,598,334	0.11
Exercised	(2,166,667)	(157,245)	0.09
Expired	(750,000)	-	0.20
Forfeited	(250,000)	-	0.06
Granted	7,800,000	509,674	0.13
Balance, March 31, 2022	16,900,000	2,950,763	0.12
Granted	700,000	51,959	0.08
Balance, December 31, 2022	17,600,000	3,002,722	0.12

16. CAPITAL STOCK (continued)

As at December 31, 2022, the weighted average remaining life of the outstanding stock options was 1.6 years (March 31, 2022 – 2.3 years). Of the outstanding options, 14,483,333 (March 31, 2022 – 9,200,000) were fully vested, exercisable, and had a weighted average remaining life of 1.4 years (March 31, 2022 – 1.7 years).

For the three and nine months ended December 31, 2022, $87,509 and $516,795, respectively, has been recorded as share based payments in the condensed interim consolidated statements of loss (December 31, 2021 - $94,960 and $2,713,901, respectively).

The following table reflects continuity of options for the nine months ended December 31, 2022:

		Number of Options					
Expiry Date	Exercise Price	Opening Balance	Options Granted	Options Exercised	Options Expired	Options Forfeited	Closing Balance
May 27, 2025	$0.06	2,500,000	-	-	-	-	2,500,000
May 27, 2023	$0.06	2,950,000	-	-	-	-	2,950,000
May 23, 2023	$0.06	1,000,000	-	-	-	-	1,000,000
Jun 10, 2023	$0.15	350,000	-	-	-	-	350,000
Jun 24, 2023	$0.105	500,000	-	-	-	-	500,000
Jul 16, 2023	$0.085	150,000	-	-	-	-	150,000
Dec 1, 2023	$0.10	200,000	-	-	-	-	200,000
Dec 30, 2023	$0.315	250,000	-	-	-	-	250,000
Mar 4, 2024	$0.32	200,000	-	-	-	-	200,000
Mar 18, 2023	$0.38	1,000,000	-	-	-	-	1,000,000
Sep 13, 2023	$0.25	200,000	-	-	-	-	200,000
Nov 2, 2024	$0.185	1,000,000	-	-	-	-	1,000,000
Mar 7, 2025	$0.12	6,600,000	-	-	-	-	6,600,000
May 10, 2024	$0.09	-	300,000	-	-	-	300,000
Jun 29, 2027	$0.075	-	400,000	-	-	-	400,000
		16,900,000	700,000	-	-	-	17,600,000

The following table reflects continuity of options for the year ended March 31, 2022:

		Number of Options					
Expiry Date	Exercise Price	Opening Balance	Options Granted	Options Exercised	Options Expired	Options Forfeited	Closing Balance
May 27, 2025	$0.06	2,500,000	-	-	-	-	2,500,000
May 27, 2023	$0.06	4,116,667	-	(1,166,667)	-	-	2,950,000
May 23, 2023	$0.06	1,500,000	-	(250,000)	-	(250,000)	1,000,000
Jun 10, 2023	$0.15	350,000	-	-	-	-	350,000
Jun 24, 2023	$0.105	500,000	-	-	-	-	500,000
Jul 16, 2023	$0.085	150,000	-	-	-	-	150,000
Dec 1, 2023	$0.10	200,000	-	-	-	-	200,000
Dec 8, 2021	$0.15	750,000	-	(750,000)	-	-	-
Dec 8, 2021	$0.20	750,000	-	-	(750,000)	-	-
Dec 30, 2023	$0.315	250,000	-	-	-	-	250,000
Mar 4, 2024	$0.32	200,000	-	-	-	-	200,000
Mar 18, 2023	$0.38	1,000,000	-	-	-	-	1,000,000
Sep 13, 2023	$0.25	-	200,000	-	-	-	200,000
Nov 2, 2024	$0.185	-	1,000,000	-	-	-	1,000,000
Mar 7, 2025	$0.12	-	6,600,000	-	-	-	6,600,000
		12,266,667	7,800,000	(2,166,667)	(750,000)	(250,000)	16,900,000

16. CAPITAL STOCK (continued)

(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 nine and twelve months ended December 31, 2022 and March 31, 2022, respectively.

(d) *Loss per share data*

The effect of outstanding common share purchase options, RSUs, warrants and convertible debentures on the net loss for the three and nine months ended December 31, 2022 and 2021 presented is not reflected as to do so would be anti-dilutive.

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

Pursuant to the RSU Plan, RSU's were granted to officers, directors and consultants as follows:

For the Nine Months Ended December 31, 2022

Position	# Granted	Grant Date	Vesting	FMV	$
Consultant	574,929	Dec 12, 2022	Upon grant	0.085	48,869
Consultant	238,709	Dec 12, 2022	Upon grant	0.085	20,290
Consultant	100,000	Dec 12, 2022	Upon grant	0.085	8,500
Consultant	111,593	Dec 12, 2022	Upon grant	0.085	9,485
Consultant	164,096	Dec 12, 2022	Upon grant	0.085	13,948
	1,189,327				101,093

For the Year Ended March 31, 2022

Position	# Granted	Grant Date	Vesting	FMV	$
Director	5,000,000	Jun 30, 2021	June 1, 2022	0.31	1,525,000
Consultant	5,000,000	Jun 30, 2021	20% upon grant	0.31	305,000
			80% June 1, 2022		1,220,000
Officer	820,000	Jun 30, 2021	June 1, 2022	0.31	250,100
Director	820,000	Jun 30, 2021	Upon grant	0.31	250,100
Director	820,000	Jun 30, 2021	Upon grant	0.31	250,100
Consultant	500,000	Jun 30, 2021	June 1, 2022	0.31	152,500
Director	328,000	Jun 30, 2021	Upon grant	0.31	100,040
Officer	328,000	Jun 30, 2021	Upon grant	0.31	100,040
Consultant	240,000	Jun 30, 2021	June 1, 2022	0.31	73,200
Consultant	240,000	Jun 30, 2021	76,000 upon grant	0.31	23,180
			164,000 June 1, 2022		50,020
Consultant	165,890	Jan 25, 2022	25% per month	0.14	22,395
Consultant	37,926	Jan 25, 2022	25% per month	0.14	5,120
Consultant	162,416	Jan 25, 2022	25% per month	0.14	21,926
Consultant	400,000	Mar 3, 2022	Upon grant	0.12	46,000
Director	100,000	Mar 3, 2022	Upon grant	0.12	11,500
Consultant	350,000	Mar 3, 2022	Upon grant	0.12	40,250
	15,312,232				4,446,471

16. CAPITAL STOCK (continued)

	#	$
Balance, March 31, 2021	-	-
Granted	15,312,232	4,446,471
Vested	(4,405,116)	(1,150,931)
Forfeited	(4,000,000)	(1,220,000)
Balance, March 31, 2022	6,907,116	2,075,540
Granted	1,189,327	101,093
Vested	(5,421,443)	(1,360,758)
Forfeited	(2,675,000)	(815,875)
Balance December 31, 2022	-	-

During the nine months ended December 31, 2022, 5,604,559 RSU's were exercised into common shares of which 5,421,443 RSU's vested in the current period and the remaining 183,116 RSU's were vested as at March 31, 2022 and held as shares to be issued.

As of December 31, 2022, nil RSU's (March 31, 2022 – 183,116) valued at $nil (March 31, 2022 - $24,721) remained vested but unexercised and held as shares to be issued.

(f) *Warrants:*

	Warrants #	Amount $	Weighted Average Exercise Price $
Balance, March 31, 2021	78,239,961	11,016,132	0.47
Exercised	(933,333)	(48,398)	0.06
Expired	(338,501)	(266,495)	0.67
Balance, March 31, 2022 and December 31, 2022	76,968,127	10,701,239	0.47

As at December 31, 2022, warrants outstanding were as follows:

		Warrants Outstanding and Exercisable	
Expiry Date	**Exercise Price**	**Number of Warrants**	**Average Remaining Contractual Life (Years)**
May 27, 2023	$0.06	1,300,000	0.41
February 24, 2024	$0.70	26,450,000	1.15
February 24, 2024	$0.44	1,804,705	1.15
June 8, 2024	$0.26	1,272,727	1.44
June 16, 2024	$0.26	1,579,346	1.46
July 16, 2024	$0.26	5,541,060	1.54
July 28, 2024	$0.38	37,983,600	1.58
July 28, 2024	$0.26	1,036,689	1.58
		76,968,127	1.39

16. CAPITAL STOCK (continued)

As at March 31, 2022, warrants outstanding were as follows:

		Warrants Outstanding and Exercisable	
Expiry Date	Exercise Price	Number of Warrants	Average Remaining Contractual Life (Years)
May 27, 2023	$0.06	1,300,000	1.16
February 24, 2024	$0.70	26,450,000	1.90
February 24, 2024	$0.44	1,804,705	1.90
June 8, 2024	$0.26	1,272,727	2.19
June 16, 2024	$0.26	1,579,346	2.21
July 16, 2024	$0.26	5,541,060	2.29
July 28, 2024	$0.38	37,983,600	2.33
July 28, 2024	$0.26	1,036,689	2.33
		76,968,127	2.14

17. REVENUE

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Wholesale products sales	441,794	501,551	1,450,263	1,527,433
Wholesale mushroom sales	260,948	-	541,799	-
Mushroom grow kit sales	400,408	120,696	576,336	165,814
Retail sales	71,665	-	127,815	-
Other	420	-	536	9,875
	1,175,235	622,247	2,696,749	1,703,122

18. 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, and (ii) financing capital expenditures through leases.

19. 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 probable loss, 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 condensed interim 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.

20. FINANCIAL INSTRUMENTS AND 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 and private marketable securities. A 10% change in the fair value of these securities would change the Company's net loss by $77,925.

Interest rate risk

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 fair value measurement of convertible debentures is impacted by market interest rates. As a result, the Company is exposed to interest rate movements, which impact the fair value of the Company's outstanding promissory note.

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, SR, Wellness World Oss and Wellness World Utrecht and Minichamp BV operate and to a lesser extent the USD where Radix operates.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than the Canadian dollar. As at December 31, 2022, the Company has less than 10% of total assets and liabilities that are denominated in currencies other than the Canadian dollar. Therefore, the Company does not have a material foreign exchange risk.

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 December 31, 2022:

		Payments due by period		
Liabilities and obligations	Total contractual payments	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	1,059,889	1,059,889	-	-
Loans and advances	905,059	905,059	-	-
Lease liability	471,299	146,215	201,566	123,518
Convertible debenture	442,151	442,151	-	-
	2,878,398	2,553,314	201,566	123,518

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table shows the breakdown of the Company's accounts payable and accrued liabilities:

	December 31, 2022	March 31, 2022
Accounts payable	$ 666,051	$ 458,960
Professional fee accruals	32,585	436,225
Consulting and payroll accruals	54,526	81,302
Other accruals	306,727	406,199
	$ 1,059,889	$ 1,382,686

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, accounts receivable, and sales tax receivable.

The Company has trade accounts receivable from customers, and sales tax receivable. The Company's credit risk arises from the possibility that a counterpart which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific customers may be affected by economic factors and government and legal factors which may impact accounts receivable. Credit risk for accounts receivable is assessed on a case-by-case basis and a provision is recorded where required. As of December 31, 2022, the Company estimated its expected credit losses to be $nil (March 31, 2022 - $nil).

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

21. 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
Non-payroll compensation, paid or payable, during the three and nine months ended December 31, 2022 and 2021 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 and nine months ended December 31, 2022, the Company was charged $83,300 and $327,394, respectively (December 31, 2021 - $141,833 and $365,333, respectively) in fees by key management personnel.

b) As at December 31, 2022, $nil (March 31, 2022 - $26,267) was due to key management personnel and included in accounts payable and accrued liabilities.

Equity Transactions
Shares issued during the three and nine months ended December 31, 2022 and 2021 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) On June 13, 2021 and March 3, 2022, the Company issued 8,116,000 RSU's and 100,000 RSU's, respectively, to officer and directors of the Company (see note 16(e)).

21. RELATED PARTY TRANSACTIONS (continued)

b) The Company issued the following stock options to directors and officers of the Company (see note 16(b)).

Option Grant Date	Options Granted #	Option Value $
September 13, 2021	200,000	38,443
November 1, 2021	1,000,000	154,378
March 3, 2022	5,750,000	568,229

22. GENERAL AND ADMINISTRATIVE

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Advertising and marketing	297,427	-	297,427	-
Consulting	155,669	149,222	519,269	620,818
Legal, audit and other professional fees	154,621	278,945	435,823	1,344,247
Management fees	33,320	111,800	145,031	439,762
Business development	6,437	77,175	52,416	280,367
Office and general	369,207	446,373	956,464	863,821
Payroll	513,525	-	1,369,313	-
Regulatory	13,026	3,983	23,526	10,000
Shareholder communication	4,087	-	15,229	80,234
Amortization and depreciation	156,287	118,261	443,722	332,494
	1,703,606	1,185,759	4,258,220	3,971,743

23. CONTRACTUAL BREAK FEE

During the nine months ended December 31, 2021, the Company received net cash inflows of $400,000 after accounting for the contractual break fee received in connection with termination of the definitive agreement with Creso Pharma Limited.

24. INCOME TAXES

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Current tax recovery (expense)	12,337	-	(3,813)	-
Deferred tax recovery	49,092	-	152,571	-
Recovery of income taxes	61,429	-	148,758	-

25. SEGMENT INFORMATION

The Company's results are reported by geographical business units that operate in different countries. The Company has identified its operating segment based on the financial information that is reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. These segments reflect how the Company manages its business and how management classifies operations for planning and measuring performance.

The CODM considered SR, RLH Netherlands B.V., Wellness World Oss and Utrecht and Minichamp BV as one operating segment (all reside in Netherland); Red Light Holland (Subco 1) Inc., Red Light Holland (Subco 2) Inc., AEM and Happy Caps as one operating segment (all reside in Canada); Radix and Red Light Acquisitions Inc. as one operating segment (both reside in the United States).

25. SEGMENT INFORMATION (continued)

The following tables present financial information by segment for the three and nine months ended December 31, 2022 and 2021 and as at December 31, 2022 and March 31, 2022:

Revenue for periods ended	Three months ended Dec 31, 2022	Three months ended Dec 31, 2021	Nine months ended Dec 31, 2022	Nine months ended Dec 31, 2021
Netherlands	$ 658,154	$ 488,832	$ 1,722,773	$ 1,514,714
Canada	517,081	133,415	973,976	186,993
USA	-	-	-	1,415
	$ 1,175,235	$ 622,247	$ 2,696,749	$ 1,703,122

Comprehensive loss for the periods ended	Three months ended Dec 31, 2022	Three months ended Dec 31, 2021	Nine months ended Dec 31, 2022	Nine months ended Dec 31, 2021
Canada	$ 848,316	$ 839,392	$ 3,510,846	$ 6,001,914
USA	87,092	153,060	214,793	259,072
Netherlands	259,817	274,195	340,743	280,377
	$ 1,195,225	$ 1,266,647	$ 4,066,382	$ 6,541,363

Total assets as at	Dec 31, 2022	Mar 31, 2022
Canada	$ 27,375,128	$ 30,970,739
Netherlands	3,019,730	1,642,131
USA	115,377	325,795
	$ 30,510,235	$ 32,938,665

Total liabilities as at	Dec 31, 2022	Mar 31, 2022
Canada	$ 2,778,991	$ 3,298,584
Netherlands	617,695	445,828
USA	25,268	36,264
	$ 3,421,954	$ 3,780,676

26. COVID-19

The Company's business could be adversely affected by the effects of the outbreak of novel coronavirus ("COVID-19"). Several significant measures have been implemented in Canada and the rest of the world in response to the impact from COVID-19. Although some of these measures have been amended or repealed, there remains a future risk of reinstated measures in response to the spread of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workplace productivity, and other factors that will depend on future developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries resulting in an economic downturn that could negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital. Since the initial outset of the pandemic, COVID-19 has not had a direct, material impact on the Company's operations and financial performance.

APPENDIX B

Red Light Holland Corp.

Management's Discussion & Analysis

for the three and nine month periods ended December 31, 2022

RED LIGHT HOLLAND CORP.

Management's Discussion & Analysis

For the three and nine months ended December 31, 2022 and 2021

RED LIGHT HOLLAND CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021

This management's discussion and analysis (this "MD&A") was prepared as of February 27, 2023 and is provided to assist readers in understanding Red Light Holland Corp.'s financial performance for the three and nine months ended December 31, 2022. It should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended December 31, 2022 (the "Interim Financial Statements") and the audited consolidated financial statements for the fiscal years ended March 31, 2022 and 2021, together with the notes thereto (the "Annual Financial Statements") and the management's discussion and analysis prepared in conjunction with the Annual Financial Statements (the "Annual MD&A"). This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. The results reported herein have been derived from the Interim Financial Statements and Annual Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and, unless otherwise indicated, are presented in thousands of Canadian dollars.

Unless the context otherwise requires, use in this MD&A of the "Company", "Red Light Holland", "RLHC", "we", "us", or "our" means Red Light Holland Corp. and its subsidiaries.

The Company's common shares ("Common Shares") trade on the Canadian Stock Exchange ("CSE") under the symbol 'TRIP', on the Frankfurt Stock Exchange under the symbol "4YX" and on the OTCQB Venture Market (the "OTCQB") under the symbol 'TRUFF'. Additional information relating to RLHC is available at www.sedar.com.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Common Shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Board approves the Interim Financial Statements and this MD&A and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the audit committee of the Company, which reviews and recommends all financial reports to the Board for approval prior to filing.

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

COMPANY OVERVIEW

The Company is an Ontario-based corporation engaged in the production, growth and sale of functional mushrooms and mushroom home grow kits in North America and Europe, and a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands, in compliance with all applicable laws.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET LOSS

(Unaudited)	Three months ended Dec 31		Nine months ended Dec 31	
	2022	2021	**2022**	2021
Revenue	**1,175,235**	622,247	**2,696,749**	1,703,122
Cost of sales	**588,081**	389,455	**1,532,742**	1,217,630
Gross profit	**587,154**	232,792	**1,164,007**	485,492
Gross profit as a % of sales	***50.0%***	*37.4%*	***43.2%***	*28.5%*
General and administrative	**1,703,606**	1,185,759	**4,258,220**	3,971,743
Share based payments	**87,509**	94,960	**516,795**	2,713,901
Interest expense	**8,673**	18,351	**19,153**	489,032
Research and development	**112,841**	-	**344,737**	-
Loss before other items and taxes	**(1,325,475)**	(1,299,070)	**(3,974,898)**	(6,248,184)
Realized (loss) on sale of marketable securities	**-**	-	**(19,364)**	93,823
Change in fair value of marketable securities	**(99,336)**	(189,159)	**(346,191)**	(1,000,957)
Reversal of provision for sales tax receivable	**205,636**	-	**205,636**	-
Contractual break fee	**-**	-	**-**	400,000
Change in fair value of convertible debenture	**(46,759)**	42,003	**(56,711)**	211,889
Change in fair value of call option	**358**	-	**(1,760)**	-
Change in fair value of contingent consideration	**(158,345)**	-	**(205,965)**	-
Foreign exchange (loss) gain	**(4,579)**	(8,123)	**(9,183)**	(9,019)
Interest income	**54,725**	14,831	**106,836**	47,608
Loss before taxes	**(1,373,775)**	(1,206,726)	**(4,301,600)**	(6,504,840)
Provision for income taxes	**61,429**	-	**148,758**	-
Net loss	**(1,312,346)**	(1,206,726)	**(4,152,842)**	(6,504,840)
Net loss attributable to:				
Shareholders of Red Light Holland Corp.	**(1,305,436)**	(1,180,255)	**(4,072,769)**	(6,478,369)
Non-controlling interests	**(6,910)**	(26,471)	**(80,073)**	(26,471)
Net loss	**(1,312,346)**	(1,206,726)	**(4,152,842)**	(6,504,840)
Loss per share (basic and diluted)	**(0.00)**	(0.00)	**(0.01)**	(0.02)
Weighted average Common Shares outstanding	**378,439,289**	363,615,281	**376,812,501**	351,831,767

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Dec 31 2022	Mar 31 2021
Cash and cash equivalents	**19,695,794**	26,093,738
Accounts receivable	**355,454**	380,869
Sales tax receivable	**317,163**	127,512
Income tax receivable	**4,069**	15,638
Marketable securities	**112,949**	527,813
Prepaid expenses and deposits	**615,366**	220,641
Inventory	**677,972**	382,391
Total Current Assets	**21,778,767**	27,748,602
Property and equipment	**4,847,133**	2,877,298
Marketable securities – non-current	**666,302**	682,332
Right of use assets	**397,423**	202,066
Prepaid expenses and deposits – long term	**700,000**	-
Call option	**108,848**	110,608
Intangible assets	**403,563**	594,767
Goodwill	**1,608,199**	722,992
Total Asset	**30,510,235**	32,938,665
Accounts payable and accrued liabilities	**1,059,889**	1,382,686
Loans and advances	**905,059**	905,059
Convertible debenture	**442,151**	385,440
Lease liability – current portion	**123,307**	59,294
Total Current Liabilities	**2,530,406**	2,732,479
Lease liability	**290,376**	150,419
Contingent consideration	**150,000**	294,035
Deferred tax liability	**451,172**	603,743
Total Liabilities	**3,421,954**	3,780,676
Total Shareholders' Equity	**27,088,281**	29,157,989
Total Liabilities and Shareholders' Equity	**30,510,235**	32,938,665

SUMMARY OF THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022

Red Light Holland is engaged in the production, growth and sale of functional mushrooms and mushroom home grow kits in North America and Europe, and a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands, in compliance with all applicable laws.

We are focused on ramping up mushroom production, increasing distribution channels and growing our truffle/functional mushroom brands and consumer packaged goods to drive increased sales while being determined to grow our direct-to-consumer business via brick-and-mortar shops and the online sales of all products.

During the three and nine months ended December 31, 2022, we focused on enhancing our existing business operations, explored new acquisitions, entered new sales channels, and made progress on the vertical integration of our operations.

Highlights of Key Events for the three months ended December 31, 2022

On October 4, 2022, the Company's wholly owned subsidiary, RLH Netherlands B.V. completed the acquisition of MiniChamp B.V. ("MiniChamp"), a home grow mushroom farm, one of The Netherlands' premiere mushroom home grow kit businesses, which offers a wide variety of quality and exotic mushrooms. MiniChamp is a profitable business servicing consumers across 20+ European countries. The acquisition was completed pursuant to the terms of a definitive agreement, pursuant to which Red Light Holland acquired 100% of the issued and outstanding shares of MiniChamp for €625,000. The aggregate consideration was comprised of €550,000 in cash and 981,466 Common Shares with a deemed price of $0.1009 per Common Share. The Common Shares are subject to a contractual hold period of up to two years, with 25% released every six months. In addition, the agreement provides for up to €100,000 of earn out payments to be made to the vendor, subject to MiniChamp reaching certain sales milestones.

On December 13, 2022, the Company announced that their subsidiary, Happy Caps Mushroom Farm ("Happy Caps"), expanded their distribution of Mushroom Home Grow Kits to over 70 retail stores across Canada, including 13 Loblaws' Real Canadian Superstores.

Effective December 19, 2022, the Common Shares were up listed from trading on the Pink Open Market of the OTC Markets Group Inc. to the OTCQB under the same symbol it previously traded under, "TRUFF".

Effective December 21, 2022, the Company changed its auditor from MNP LLP to Clearhouse LLP.

Highlights of Key Events for the nine months ended December 31, 2022

On April 11, 2022, the Company entered into a purchase and sales agreement to acquire 100 acres of farmland located in the township of Cavan-Monaghan in Peterborough, Ontario (the "**Township**") for $1.85 million. The purchase and development of the farmland will create the

ability to dramatically increase the Company's production, packaging and distribution of a wide variety of fresh mushrooms.

On May 16, 2022, the Company completed the third export of the Company's freshly harvested high-grade psilocybe truffles from the Netherlands to Canada under a Health Canada psilocybin import permit. The truffles were sent to the Company's partner, CCrest Laboratory Inc. ("CCrest"), which received a total of 3kg of psilocybin truffles from the Company's farm in Horst, The Netherlands.

On June 6, 2022, the Company's Psilocybin Truffles, that are sold in the Netherlands, completed their first stability test under a Health Canada approved cGMP laboratory. The testing was performed by CCrest in Montreal, Canada and demonstrates the Company's commitment to standardization, research and development in hopes of being able to advocate to Health Canada that their farm grown truffles could be an option of naturally occurring psychedelics for those patients in need under the new Special Access Program.

On June 30, 2022, in order to provide the Company with increased global brand recognition, it partnered with multi-platinum-selling, GRAMMY and Golden Globe Award-nominated recording artist Wiz Khalifa to launch a new mushroom wellness brand called 'MISTERCAP'. MISTERCAP is a mushroom wellness brand founded in 2022 to create innovative functional mushroom wellness products and is affiliated with recording artist Wiz Khalifa, who provides marketing advisory services to the Company.

The partnership created by Red Light Holland and Mistercap, LLC for MISTERCAP will initially launch with a functional mushroom home grow kit, allowing customers to grow their own legal mushrooms in the comfort of their own homes. It is expected to be sold later in calendar 2023. From there, the companies intend to expand to other legal, functional and innovative mushroom products, as well as a line of apparel and accessories, to be made available across the European Union and North America later in calendar 2023. Further, Mistercap, LLC will be receiving marketing advisory services from Mr. Khalifa, who will leverage his social media presence to promote legal mushroom products. Mr. Khalifa will be promoting MISTERCAP on his social media by announcing the launch of MISTERCAP around Summer 2023. MISTERCAP designs are finalized and we are going to further unveil the brand including box designs, with an anticipated summer launch in Summer 2023. For more details, visit www.Mistercap.com www.Instagram.com/Mistercap.

The Company will be working with their current Acadian Exotic Mushrooms Ltd. ("AEM") partner, Holburne Farms to produce and supply the future MISTERCAP home grow kits for the North American marketplace. To facilitate the expected production increase, the Company is engaged in preliminary discussions with a Japanese manufacturer of automated manufacturing lines to assist in the production of the home grow kits. The Company has a paid a deposit and discussions of the terms of the proposed agreement are on-going. Upon receipt and installation of the automated manufacturing line, the Company will have the ability to produce the number of kits required to meet its forecasted sales within the North American market. The Company, through

its most recent acquisition of MiniChamp, also has the opportunity to produce MISTERCAP home grow kits in the Netherlands with an existing distribution network across the European Union.

In connection with launching the MISTERCAP brand, Red Light Holland and Mistercap, LLC entered into an intellectual property licensing agreement dated June 29, 2022 (the "IP Licensing Agreement"). Pursuant to the terms of the IP Licensing Agreement, Mistercap, LLC exclusively licensed certain intellectual property held by Mistercap, LLC to Red Light Holland to develop, cultivate, process, package, distribute and sell mushroom and/or truffle-related products under the MISTERCAP brands. The initial term of the IP Licensing Agreement is for three years and is automatically renewable for one-year successive terms upon Red Light Holland continuing to hit certain benchmark sales targets. As partial consideration for the license, Mistercap, LLC was paid (i) $250,000 in cash and (ii) $1,000,000, which was satisfied through the issuance of Common Shares at a price of $0.075 per Common Share. In addition, Mistercap, LLC will: (x) receive monthly royalty payments paid over the term of the IP Licensing Agreement, calculated based on the sale of products developed pursuant to the partnership and (y) be paid a monthly marketing fee. Additional payments are due in the event future markets are available to sell in pursuant to the terms of the IP Licensing Agreement. The Company budgeted $1,000,000 per year to fulfill royalty fees, marketing expenses and additional payment obligations owed to Mistercap, LLC pursuant to the terms of the IP Licensing Agreement.

On July 26, 2022, the Company established two newly formed and wholly owned subsidiaries, Wellness World Utrecht B.V. and Wellness World Oss B.V. The subsidiaries were incorporated to acquire two brick-and-mortar retail stores (referred to in the Netherlands as "SmartShops") located in Utrecht and Oss, Netherlands. Concurrently with the formation of the wholly owned subsidiaries, the Company entered into two asset purchase agreements to acquire each of the SmartShop retail stores. On August 1, 2022, the acquisitions were finalized. The acquisition in Utrecht had total consideration of €200,000, which consisted of a cash payment of €140,000 and €60,000, which was satisfied through the issuance of Common Shares at a price of $0.0826 per Common Share. The acquisition in Oss had total consideration of €100,000, which consisting of a cash payment of €70,000 and €30,000, which was satisfied through the issuance of Common Shares at a price of $0.0826 per Common Share.

UPDATE ON SIGNIFICANT PROJECTS

The Company expanded its operations internationally and now has operations in the Netherlands, Canada and the United States of America. With the view of further expansion, the Company is closely and continuously looking for viable opportunities to expand operations of functional mushroom production and distribution as well as psilocybin production and sales across both North America and the European Union if and when regulations permit. The Company also has plans to expand operations into other geographical regions should regulations permit.

The following is an update on our current significant projects:

Netherlands

The Company acquired two SmartShops, SmartShop Oss and SmartShop Utrecht, on August 1, 2022. The Company's rebrand of its retail stores in Oss and Utrecht is moving forward as we are currently reviewing new proposed designs from an interior design company and options to renovate the locations, increase the number of products to align the brand to the holistic view of mind and body health while executing on customer experience initiatives. We expect that these updates will be complete by Summer 2023. With the completion of the aforementioned acquisitions, the Company considers itself to be fully vertically integrated as the Company is able to produce, package, distribute and sell its own brand of truffles directly to customers through both brick-and-mortar retail shops and online.

The Company's Maka magic truffles line, including the Hollandia, Makanaut, Muskoka, Mexicana, Atlantis, Double Vision, Old Dutch and Utopia varieties, are designated as a Responsible Use Psychedelic. The Maka line of truffles is currently being distributed through SR Wholesale B.V., the Company's wholly owned subsidiary ("SR Wholesale"), and sold by a number of SmartShops across the Netherlands, however, the distribution and sale through the Maka website (www.WorldofMaka.com) has been deferred while the Company assesses options for online payment processing. Management expects the website to be operational during the first half of calendar 2023.

Canada

In June 2022, Red Light Holland psilocybin truffles, sold in the Netherlands, completed their first stability test at a Health Canada approved cGMP laboratory, CCrest. This report was focused on optimizing shelf-life and the long-term quality of the product and was another step towards creating standardized dosages. The next steps are completing a full Certificate of Analysis for the truffles and completing the development of capsules. CCrest, approved by Health Canada to supply psilocybin under the Special Access Program, continues to seek opportunities to provide patients with naturally occurring psilocybin in alignment with current regulation which require clinical proof that natural psilocybin is likely to be as beneficial or more than synthetic psilocybin.

As of the date of this MD&A, the AEM farm in New Brunswick is operating at 80-90 percent capacity and expects to be producing approximately 5,000 pounds of shiitake mushrooms per week on a go-forward basis, generating approximately $30,000 and $32,500 of revenue per week.

For an update on the development on the Peterborough Farm and Mushroom Facilities, please see "Subsequent Event(s)".

United States

Radix Motion Inc. ("Radix Motion") is creating 'Wisdom', a set of smart home devices utilizing ideas from the mycelium network. Their first device, the Wisdom Truffle designed by Karim Rashid and powered by Radix Motion technology, is a smart figurine that helps people build healthy patterns using meditation, monitoring their phone usage and helping them take positive action to reduce their carbon footprint. Wisdom is a companion figurine that will help people

connect to themselves, to each other and to the environment. There are currently three Wisdom Truffle models:

- **Moon**: a handheld, first-of-its-kind, meditation aid and biorhythm communication device which allows for insights into the autonomic nervous system by responding to a user's heartbeat. Heartrate data can be added to the iMicro Journal app to keep track of physiological changes correlated to micro dosing and/or meditation. In addition, Moon supports a multiplayer mode allowing for group meditation and/or connection.

- **Star**: a lamp-size figurine that helps build a healthier relationship with mobile devices by promoting presence and focus. Star will allow for connection with the iMicro Journal app and will allow for the tracking of phone-usage and the rewarding of healthy breaks. Star will also bring added light and superb sound quality to any room.

- **SuperNova**: expected to be a 1-meter tall, life-sized figurine, and will include artificial intelligence technology that will detect and understand users' body movements. This Wisdom Truffle creates unique interactive audiovisual experiences based on dances, stretches and more. In addition, SuperNova will support multiplayer mode for galleries, conventions, stores and more.

As at the date of this MD&A, the Moon model design is complete, and the initial manufacturing run has commenced. On February 12, 2023, the pre-sale campaign was launched for the Moon units and a wider marketing campaign will be initiated when the first manufacturing order of 500 units has a delivery date, which is expected before mid-year. The Star model has also completed its design phase and is awaiting final completion of the testing and certification prior to its initial manufacturing run, which is expected before mid-year. The engineering, design and production of the SuperNova model has been deferred for 12 to 18 months to focus sales and marketing efforts on the other two models.

The Company expects to receive the units from the first production run in calendar Q2 2023, and the launch of sales to be in mid-calendar 2023. The Company has deferred both its initial production and sales timelines and believes that the following events and circumstances may reasonably be likely to cause actual results with respect to the timing of the production run and sales launch to differ materially from those currently anticipated by the Company and expressed in this MD&A: the manufacturing delays caused by recent Covid lockdowns in China, related supply chain issues and challenging shipping arrangements, and other unanticipated setbacks which may materialize following the date of this MD&A, including, among other things, changes in the rules and regulations relating to the use of psychedelics in the relevant jurisdictions.

There are still significant milestones required to be met to enable the delivery of the initial and future manufacturing orders of units from the factories in China and to launch full sales programs for both the Moon and Star units. The anticipated timeline for completing this objective is based on, among others, the following material assumptions: (i) the demand for, and benefits of, the introduction of the Wisdom Truffle being materially accurate in light of the Company's assessment of market and competitive conditions, and (ii) the persons necessary to manufacture

and distribute the Wisdom Truffle continue to be readily available in the jurisdictions chosen by the Company, and willing to enter into favourable contractual arrangements with the Company in respect thereof. The Company notes the following in respect of the foregoing material assumptions: (1) The Company's assumption in respect of the demand for the Wisdom Truffle are based on the Company's informal assessment of the market and competitive conditions, and in particular in respect of the recent, growing popularity of the "KAWS" figurines globally, and (2) Following such time as the Company determines economically viable jurisdictions within which to launch the Wisdom Truffle the Company intends to work with local legal counsel to review, and to the extent required ensure that its requisite partners possess, all approvals, permits, and/or licenses which may be required in the relevant jurisdiction in order to undertake such activities. The Company would like to highlight that the amount of Wisdom's expected manufacturing cost per unit has also significantly increased from the original quotes from factories overseas due to inflation, rising production, packaging and shipping costs.

The timeline might also be affected by global shortages of specific materials due to COVID-19, factory delays, shipping delays and potential unforeseen technology issues.

St. Vincent and the Grenadines

Based upon the Company's evaluation of the future viability of its wholly owned subsidiary, Scarlette Lillie Science and Innovation ("Scarlette Lillie") (formerly, Mera Life Sciences LLC), to operate including, but not limited to: the importation of truffles to St. Vincent and the Grenadines from the Netherlands, prescription or clinical administering of truffles to patients / participants, extraction, testing of truffles and the export of truffles, the Company has commenced an initiative to reevaluate its business in St. Vincent and the Grenandines and will conclude on a plan with its Board of Directors prior to year end. As an alternative to the initial strategy of operating in St. Vincent and the Grenadines, the Company is working closely with its partner CCrest to participate in segments of the medical psychedelic markets moving forward. The Company has furthered its collaboration with CCrest to develop homogenized microdosing capsules aimed at emerging legal markets. In January 2023, the Company announced that 3,000 grams of natural psilocybin truffles, grown in the Netherlands at the Company's facility in Horst, the Netherlands had been approved by Health Canada to import to CCrest's laboratories in Montreal for the purposes of product development of homogenized powder for microdosing capsules. CCrest, which holds a Controlled Drugs and Substances Dealer's License, has announced plans to use its newly amended license, recently approved by Health Canada, to include assembly and packaging of the homogenized microdosing capsules. Furthermore, The Company has engaged Cannabis License Experts Inc. ("CLE") to assist the Company with an application for a Controlled Drugs and Substances Dealer's License, which will be utilized for the purposes of psilocybin production, research and development at the Company's mushroom production facility in New Brunswick.

RESULTS OF OPERATIONS

Revenue and Gross Profit

(Unaudited)	Three months ended Dec 30		Nine months ended Dec 30	
	2022	2021	**2022**	2021
Revenue	**1,175,235**	622,247	**2,696,749**	1,703,122
Cost of sales	**588,081**	389,455	**1,532,742**	1,217,630
Gross profit	**587,154**	232,792	**1,164,007**	485,492
Gross profit as a % of sales	***50.0%***	*37.4%*	***43.2%***	*28.5%*

Revenue for the three and nine months ended December 31, 2022 resulted in an increase of 88.9% and 58.3%, respectively, over the comparative periods in the prior year. The Company benefitted from the increased sales related to the prior year's acquisitions of Happy Caps and AEM farms and the current year's acquisitions of two SmartShops and MiniChamp.

Gross profit for the three and nine months ended December 31, 2022 resulted in an increase of 152.2% and 139.8%, respectively, over the comparative periods in the prior year. The increase is as a result of the improved sales activity noted above and efficiencies gained through production improvements and product mix which have increased gross profit as a percentage of sales to 50.0% and 43.2% (2021 – 37.4% and 28.5%).

Revenue by Geographical Segments

(Unaudited)	Three months ended Dec 31		Nine months ended Dec 31	
	2022	2021	**2022**	2021
Netherlands	**658,154**	488,832	**1,722,773**	1,514,714
Canada	**517,081**	133,415	**973,976**	186,993
United States	**-**	-	**-**	1,415
	1,175,235	622,247	**2,696,479**	1,703,122

For the three and nine months ended December 31, 2022, revenue derived from the operations in the Netherlands predominately consisted of the Company's farms' production and sale of psilocybin truffles and SR Wholesale's sale and distribution of products to SmartShops within the Netherlands. The most recent quarter also includes the results of the newly acquired and wholly owned SmartShops in Oss and Utrecht and newly acquired and wholly owned MiniChamp mushroom home grow kit production facility. Revenue for the quarter also included sales from the Canadian operations of Happy Caps which produces and distributes grow at home mushroom kits for the North American market and AEM farm which produces and sells functional mushrooms within the North American wholesale market. As at December 31, 2022, the AEM

farm was operating at 100% capacity. As of the date of this MD&A, the AEM farm is operating at 80-90 percent capacity.

General and Administrative

The following table presents the components of general and administrative expenditures:

(Unaudited)	Three months ended Dec 31		Nine months ended Dec 31	
	2022	2021	**2022**	2021
Advertising and marketing	**297,427**	-	**297,427**	-
Consulting	**155,669**	149,222	**519,269**	620,818
Legal, audit and other professional fees	**154,621**	278,945	**435,823**	1,344,247
Management fees	**33,320**	111,800	**145,031**	439,762
Business development	**6,437**	77,175	**54,416**	280,367
Office and general	**369,207**	446,373	**956,464**	863,821
Payroll	**513,525**	-	**1,369,313**	-
Regulatory	**13,026**	3,983	**23,526**	10,000
Shareholder communication	**4,087**	-	**15,229**	80,234
Amortization and depreciation	**156,287**	118,261	**443,722**	332,494
General and administrative	**1,703,606**	1,185,759	**4,258,220**	3,971,743

General and administrative expenses increased during the three months ended December 31, 2022 by $517,847 (or 43.7%), predominately as a result of an increase in advertising and marketing related expenses and payroll related expenses. The decrease in management fees and increase in payroll is as a result of the certain members of the executive management team entering employment agreements as opposed to receiving management fees through contractual agreements.

General and administrative expenses increased during the nine months ended December 31, 2022 by $286,477 (or 7.2%) predominately as a result of an increase in advertising and marketing related expenses and payroll related expenses. The decrease in management fees and increase in payroll is as a result of the certain members of the executive management team entering employment agreements as opposed to receiving management fees through contractual agreements. Payroll also includes the tax impact of certain executive management personnel electing to receive vested restricted share units ("RSUs") on a net of tax basis resulting in the expense and remittance of the related tax withholdings.

Share Based Payments

Share based payments for the three and nine months ended December 31, 2022 includes the value of stock options ("Options") and RSUs that vested during the period, and the value of shares issued to various consultants as compensation for services rendered.

Research and Development

The costs included in research and development relate to the product design costs associated with the Company's product line of Wisdom Truffle smart home figurines.

Other Items

(Unaudited)	Three months ended Dec 31		Nine months ended Dec 31	
	2022	2021	**2022**	2021
Realized (loss) on sale of marketable securities	**-**	-	**(19,364)**	93,823
Change in fair value of marketable securities	**(99,336)**	(189,159)	**(346,191)**	(1,000,957)
Reversal of provision for sales tax receivable	**205,636**	-	**205,636**	-
Contractual break fee	**-**	-	**-**	400,000
Change in fair value of convertible debenture	**(46,759)**	42,003	**(56,711)**	211,889
Change in fair value of call option	**358**	-	**(1,760)**	-
Change in fair value of contingent consideration	**(158,345)**	-	**(205,965)**	-
Foreign exchange (loss) gain	**(4,579)**	(8,123)	**(9,183)**	(9,019)
Interest income	**54,725**	14,831	**106,836**	47,608
Other Items	**(48,300)**	(140,448)	**(326,702)**	(256,656)

During the three and nine months ended December 31, 2022, the Company sold Nil and 1,993,000 shares of Pharmadrug Inc., respectively, for proceeds of $Nil and $65,339, respectively, resulting in a loss on sale of marketable securities of $Nil and $19,364, respectively. During the three and nine months ended December 31, 2021, the Company sold Nil and 1,595,000 shares of Pharmadrug Inc., respectively, for proceeds of $Nil and $161,610, respectively, which resulted in a gain on sale of marketable securities of $Nil and $93,823, respectively.

For the three and nine months ended December 31, 2022, the unrealized change in fair value of marketable securities amounted to a loss of $99,336 and $346,191, respectively (December 31, 2021 – a loss of $189,159 and $1,000,957, respectively), which is recorded in the condensed interim consolidated statements of loss and comprehensive loss.

During the nine months ended December 31, 2021, the Company received net cash inflows of $400,000 after accounting for the contractual break fee received in connection with the termination of the definitive agreement with Creso Pharma Limited.

Interest income for the three and nine months ended December 31, 2022 reflects interest on surplus funds.

Net Loss

(Unaudited)	Three months ended Dec 31		Nine months ended Dec 31	
	2022	2021	**2022**	2021
Loss before taxes	**(1,373,775)**	(1,206,726)	**(4,301,600)**	(6,504,840)
Provision for income taxes	**61,429**	-	**148,758**	-
Net loss	**(1,312,346)**	(1,206,726)	**(4,152,842)**	(6,504,840)
Net loss attributable to:				
Shareholders of Red Light Holland Corp.	**(1,305,436)**	(1,180,255)	**(4,072,769)**	(6,478,369)
Non-controlling interests	**(6,910)**	(26,471)	**(80,073)**	(26,471)
Net loss	**(1,312,346)**	(1,206,726)	**(4,152,842)**	(6,504,840)
Loss per share (basic and diluted)	**(0.00)**	(0.00)	**(0.01)**	(0.02)
Weighted average Common Shares outstanding	**378,439,289**	363,615,281	**376,812,501**	351,831,767

Net loss for the three months ended December 31, 2022 in the amount of $1,312,346 (loss of $0.00 per share) increased $105,620 over the prior year largely as a result of an increase in general and administrative expenses partially offset by the increase in gross margin as a result of the aforementioned increase in revenue. Net loss for the nine months ended December 31, 2022 of $4,152,842 decreased $2,351,998 over the prior year largely as a result of a decrease in share based payments expense from the prior year partially offset by the increase in gross margin as a result of the aforementioned increase in revenue.

Net loss attributable to non-controlling interests is the results of operations, after tax, from Happy Caps and AEM that are attributable to our minority partners.

SUMMARY OF QUARTERLY RESULTS

$ thousands, except per share amounts (unaudited)	**Q3 2023**	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	**1,175**	736	785	622	622	486	595	96
Gross profit	**587**	288	289	132	233	157	96	15
Gross margin %	***50.0%***	*39.1%*	*36.8%*	*21.2%*	*37.4%*	*32.3%*	*16.1%*	*16.1%*
General and administrative	**1,703**	1,306	1,249	1,770	1,186	1,764	1,022	1,361
Share based payments	**87**	91	338	485	95	63	2,556	187
Interest expense	**9**	6	4	2	18	8	22	7
Research and development	**113**	130	102	753	-	-	-	-
Loss before other items and taxes	**(1,325)**	(1,245)	(1,404)	(2,878)	(1,066)	(1,678)	(3,504)	(1,540)
Realized (loss) gain on sale of marketable securities	**-**	(20)	1	-	-	-	93	688
Provision for sales tax receivable	**205**	-	-	(433)	-	-	-	-
Change in fair value of marketable securities	**(99)**	(47)	(199)	683	(189)	(763)	(49)	22
Contractual break fee	**-**	-	-	-	-	400	-	-
Foreign exchange (loss) gain	**(5)**	(4)	(1)	(5)	(8)	(1)	-	8
Change in fair value of convertible debenture	**(47)**	(11)	1	117	42	184	-	33
Change in fair value of call option	**-**	3	(6)	-	-	-	-	-
Change in fair value contingent consideration	**(158)**	(48)	-	-	-	-	-	-
Impairment of intangible assets	**-**	-	-	(5,937)	-	-	(14)	-
Interest income	**55**	34	18	16	15	16	17	7
Income (loss) before taxes	**(1,374)**	(1,338)	(1,590)	(8,437)	(1,207)	(1,827)	(3,447)	(782)
Provision for income taxes	**62**	33	55	247	-	-	-	-
Net income (loss)	**(1,312)**	(1,305)	(1,535)	(8,190)	(1,207)	(1,827)	(3,447)	(782)
Diluted earnings (loss) per share	**(0.00)**	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)	(0.01)	(0.00)

The Company reported a consolidated net loss of $1.3 million ($0.00 per share) for the quarter ended December 31, 2022 as compared to a consolidated net loss of $1.2 million ($0.00 per share) in the quarter ended December 31, 2021.

Comparing the results for the current quarter over the prior year, the aforementioned increase in sales and gross profit was offset by the increase in general and administrative expenditures, predominately costs relating to advertising and marketing related initiatives and an increase in payroll related expenditures.

STATEMENT OF FINANCIAL POSITION – SUMMARY

(Unaudited)	Dec 31 2022	Mar 31 2021
Cash and cash equivalents	**19,695,794**	26,093,738
Accounts receivable	**355,454**	380,869
Sales tax receivable	**317,163**	127,512
Income tax receivable	**4,069**	15,638
Marketable securities	**112,949**	527,813
Prepaid expenses and deposits	**615,366**	220,641
Inventory	**677,972**	382,391
Total Current Assets	**21,778,767**	27,748,602
Property and equipment	**4,847,133**	2,877,298
Marketable securities – non-current	**666,302**	682,332
Right of use assets	**397,423**	202,066
Prepaid expenses and deposits – long term	**700,000**	-
Call option	**108,848**	110,608
Intangible assets	**403,563**	594,767
Goodwill	**1,608,199**	722,992
Total Asset	**30,510,235**	32,938,665
Accounts payable and accrued liabilities	**1,059,889**	1,382,686
Loans and advances	**905,059**	905,059
Convertible debenture	**442,151**	385,440
Lease liability - current portion	**123,307**	59,294
Total Current Liabilities	**2,530,406**	2,732,479
Lease liability	**290,376**	150,419
Contingent consideration	**150,000**	294,035
Deferred tax liability	**451,172**	603,743
Total Liabilities	**3,421,954**	3,780,676
Total Shareholders' Equity	**27,088,281**	29,157,989
Total Liabilities and Shareholders' Equity	**30,510,235**	32,938,665

Red Light Holland's primary asset is cash and cash equivalents. The Company also holds funds in marketable securities. Inventory is primarily wholesale products in our warehouse facility in the Netherlands and also includes materials and finished goods production from our mushroom and truffle growing facilities in Canada and the Netherlands. Prepaid expenses include the deferred marketing charges related to the initial costs associated with the MISTERCAP brand intellectual property agreement.

Property and equipment of $4.8 million includes the mushroom production facility in New Brunswick, valued at $2.5 million, and the farmland in Ontario acquired for $1.9 million.

Accounts payable and accrued liabilities have decreased over the comparative period as a result of the cash payments for accrued legal, audit and other professional fees.

LIQUIDITY

We assess liquidity in terms of our ability to generate sufficient cash flow, along with other sources of liquidity including cash and the ability to borrow through leases to fund our operations and growth in operations.

Summary of Cash Inflows (Outflows)

(Unaudited)	Nine months ended Dec 31	
	2022	2021
Net loss	**(4,152,842)**	(6,504,840)
Non-cash items and changes in working capital	**826,913**	3,671,634
Cash flows from operating activities	**(3,325,929)**	(2,833,206)
Cash flows from investing activities	**(3,057,843)**	(1,315,368)
Cash flows from financing activities	**(98,920)**	212,104
Change in cash	**(6,482,692)**	(3,936,470)
Change in foreign currency rates on cash	**84,748**	10,971
Cash, beginning of period	**26,093,738**	31,185,487
Cash, end of period	**19,695,794**	27,259,988

Cash Flows From Operating Activities

The cash used in operating activities increased over the prior year predominately as a result of changes in working capital related to cash used in paying down accounts payable and accrued liabilities partially offset by the collection of sales tax receivables.

Cash Flows From Financing Activities

The cash used in financing activities in the current year is comprised of capital expenditures of $2,065,208, acquisition earn-out payments of $100,000, the cash component of acquisition consideration of $957,974 offset by proceeds from the sale of marketable securities for $65,339.

In the prior period, proceeds from the sale of marketable securities were $161,610 offset by the cash component of acquisition consideration in the amount of $337,513, acquisition earn-out payments of $50,000, capital expenditures of $473,406 and intangible assets of $615,749.

Cash Flows From Investing Activities

Cash outflows from investing activities in the current year relates to lease payments. In the prior year, the cash inflows were predominately proceeds from the issue of shares and warrants offset by the value of the lease payments.

Share Capital – Outstanding Shares

Changes in the number of issued and outstanding shares during the nine months ended December 31, 2022 and the year ended March 31, 2022 were as follows:

	Nine months ended Dec 31 2022	Year ended Mar 31 2021
Balance, opening	**358,165,282**	332,888,764
Shares issued per consulting and service agreements	**13,625,731**	197,318
Exercise of warrants	**-**	933,333
Exercise of Options	**-**	2,166,666
Exercise of RSUs	**5,604,559**	4,222,000
Shares issued for contingent considerations	**957,853**	-
Shares issued on acquisitions	**2,288,505**	17,757,201
Balance, closing	**380,641,930**	358,165,282

The following is selected share capital information related to the Company as at December 31, 2022 and March 31, 2022:

	Dec 31, 2022	Mar 31, 2022
Common Shares issued and outstanding	**380,641,930**	358,165,282
Options outstanding	**17,600,000**	16,900,000
Broker warrants and share purchase warrants outstanding	**76,968,127**	76,968,127
RSUs outstanding	**-**	6,907,116
Fully diluted shares outstanding	**475,210,057**	458,940,525

CAPITAL RESOURCES

The capital managed by the Company includes the components of shareholders' equity as described in the financial statements for the period ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its

assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital and the issuance of new debt.

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

OFF BALANCE SHEET TRANSACTIONS

The Company does not have any financial arrangements that are excluded from the Interim Financial Statements as of December 31, 2022, nor are any such arrangements outstanding as of the date of this MD&A.

RELATED PARTY TRANSACTIONS

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

Compensation to Key Management Personnel

Non-payroll compensation, paid or payable, during the three and nine months ended December 31, 2022 and 2021 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

- During the three and nine months ended December 31, 2022, the Company was charged $83,300 and $327,394, respectively (December 31, 2021 - $141,833 and $365,333, respectively) in fees by key management personnel.
- As at December 31, 2022, $Nil (March 31, 2022 - $26,267) was due to key management personnel and included in accounts payable and accrued liabilities.

Equity Transactions

Shares issued during the nine months ended December 31, 2022 and 2021 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, was as follows:

- On June 13, 2021 and March 3, 2022, the Company issued 8,116,000 RSUs and 100,000 RSUs, respectively, to officer and directors of the Company.
- The Company issued the following Options to directors and officers of the Company:

Option Grant Date	Options Granted	Option Value
	#	$
September 13, 2021	200,000	38,443
November 1, 2021	1,000,000	154,378
March 3, 2022	5,750,000	568,229

SUBSEQUENT EVENT(S)

Other than as disclosed herein, there are no material subsequent events from January 1, 2023 to the reporting date of this MD&A.

On January 24, 2023, the Company provided an update to the development of the Peterborough Farm and an initial draft three-dimensional rendering of the farm. The Company continues to work with AEM to develop the Mushroom Facilities. This development will enable the Company to dramatically expand its farm division.

The Company has had further productive conversations with the Township and is currently working with an expert mushroom farm design firm in the Netherlands and experienced Canadian engineers to finish its site plans.

With the design phase nearing completion, the Company intends to submit the finalized engineered stamped plan by the end of March 2023 to the Township in order to begin the approval process as the Company seeks to obtain permits for the construction of the Mushroom Facilities.

Once completed, the Peterborough Farm is expected to immediately generate revenues of approximately $80,000 per week. As it ramps up to its full production capacity, the Company expects a revenue run rate of approximately $16.0 to $17.0 million per annum with strong profit margins and cash flows from operations. The ability of the Peterborough Farm to immediately generate revenues of approximately $80,000 per week and a future run rate of approximately $16.0 to $17.0 million per annum with strong profit margins and cash flow from operations is dependent on certain assumptions that management of the Company believes to be reasonable based on the information currently available to management, including the following assumptions: (a) the ability of the mushroom farm design firm in the Netherlands to develop sufficient plans needed for permit applications (b) the ability of the Company to receive the necessary permits from the Township of Cavan-Monaghan (c) the ability of the Company to finance the construction of the facilities following the grant of the permits (d) the ability of the Company to address unexpected setbacks which may delay the construction of the facilities (e) the growth process in respect of its production schedule being adequate to support the anticipated yield of mushrooms (f) the employees who cultivate, harvest, package and deliver to market the mushrooms on a timely basis are able to hired and capable to do so; (g) the expected

yield of the Peterborough Farm provides an adequate basis for the production of new mushrooms; and (h) the current wholesale market for mushrooms will be able to absorb the additional production.

The facilities, as of the date of the MD&A, should take approximately 17 months to design and construct. The cost to build the Mushroom Facilities is budgeted around $8.0 million which is contingent on permit approvals for the plans.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES TO ACCOUNTING POLICIES

Critical Accounting Estimates

All significant critical accounting estimates are fully disclosed in Note 3 of the Annual Financial Statements and Note 3 of the Interim Financial Statements.

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.

Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to IAS 8): In February 2021, IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board in June 2021.

The amendments introduce a new definition of ‘accounting estimates’ to replace the definition of ‘change in accounting estimates’ and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are 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.

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in 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.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

Internal controls over financial reporting

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

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

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

RISK MANAGEMENT

The following is a description and analysis of the risks associated with financial instruments that may affect the Company:

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 and private marketable securities. A 10% change in the fair value of these securities would change the Company's net loss by $77,925.

Interest Rate Risk

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 fair value measurement of convertible debentures is impacted by market interest rates. As a result, the Company is exposed to interest rate movements, which impact the fair value of the Company's outstanding promissory note.

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 exposure is the Euro, being the local currency in the Netherlands where the Company's subsidiaries RLH Netherlands B.V. and SR Wholesale operate.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than the Canadian dollar. As at December 31, 2022, the Company has less than 10% of total assets and liabilities that are denominated in currencies other than the Canadian dollar. Therefore, the Company does not have a material foreign exchange risk.

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.

		Payments due by period		
	Total	**< 1 Year**	**1-3 Years**	**4-5 Years**
Accounts payable and accrued liabilities	**1,059,889**	1,059,889	-	-
Loans and advances	**905,059**	905,059	-	-
Lease liability	**471,299**	146,215	201,566	123,518
Convertible debenture	**442,151**	442,151	-	-
	2,878,398	2,553,314	201,566	123,518

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, accounts receivable, and sales tax receivable.

The Company has trade accounts receivable from customers, and sales tax receivable. The Company's credit risk arises from the possibility that a counterpart which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific customers may be affected by economic factors and government and legal factors which may impact accounts receivable. Credit risk for accounts receivable is assessed on a case-by-case basis and a provision is recorded where required. As of December 31, 2022, the Company estimated its expected credit losses to be $Nil (2021 - $Nil).

The Company's credit risk is primarily attributable to accounts receivable and sales tax receivable. 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.

RISK FACTORS

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

The following section summarizes certain of the risks and uncertainties relating to the business of the Company as of the date of this MD&A. The summary of such risks and uncertainties is not intended to be exhaustive, and such risks are in addition to the usual risks associated with investment in a business. Investors should carefully consider the following risks and uncertainties as well as the risk factors set out in the Company's listing statement dated May 25, 2020 and annual information form dated January 11, 2021, which can be accessed under the Company's SEDAR profile.

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

Although the cultivation, production and distribution of fresh, unprocessed truffles within the Netherlands is not, as of the date of this MD&A, subject to regulation as, for example, the cannabis industries in Canada and the United States, the Company's operations in the Netherlands remain subject to compliance with the *Opium Act* (the Netherlands), as well as other laws, regulations, and guidelines in effect from time to time enacted by applicable governmental authorities and financial institutions. Although the Company is, to its knowledge, in compliance

with all applicable laws and regulations (and intends to continue to comply), there can be no guarantee that new laws, regulations, and guidelines will not be enacted, or that existing or future laws and regulations will not be changed. Any introduction of new (or changes to existing) laws, regulations, and guidelines, or other unanticipated events could require extensive changes to the Company's operations, increase compliance costs, and give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

No Assurance of Commercial Success or Profitability

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

Limited Operating History in Truffles Industry

The Company began operations in the Netherlands in fiscal 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, distribute truffles, (ii) establish a market for its products, (iii) achieve its growth objectives and targets, and/or (iv) successfully assess and meet consumer demand and become profitable. The Company's future growth will depend substantially on its ability to address these and the other risks described in this section of this MD&A, and any failure to successfully address such risks could have a material adverse effect on the business, financial condition and operating results of the Company.

Difficulty to Forecast

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

Unfavourable Publicity or Consumer Perception

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

Reliance on Key Personnel

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

Liability, Enforcement Complaints, etc.

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

Reliance on Operations in Foreign Jurisdictions

As of the date of this MD&A, the Company's psilocybin truffle operations are conducted primarily within the Netherlands. As such, the Company's psilocybin truffle operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to: (i) renegotiation, nullification, termination or rescission of concessions, licenses, permits and contracts, from time to time held by the Company or to which the Company a party, (ii) changing political conditions, (iii) currency exchange rate fluctuations, (iv) taxation policies, and (v) changing government policies and legislation. The Company's operations within the Netherlands may also be affected in varying degrees by changes to laws, regulations, access to banking and

financial institutions, and guidelines applicable to foreign entities with respect to, but not limited to, the production of truffles, price controls, currency remittance, income taxes (including VAT), foreign investment, environmental legislation, and use of real property. Any change in such or similar laws, regulations, and guidelines, or shifts in political attitude, could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company cannot accurately predict the full impact of any such occurrence on the Company's operations and profitability. Finally, the Company may be subject to the exclusive jurisdiction of courts of the Netherlands in the event of any dispute arising from the Company's operations in the Netherlands.

Product Liability

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

Product Viability of Truffles

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

Product Recalls

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

attention and otherwise distract from day-to-day operations. As such, any product recall could have a material adverse effect on the business, financial condition and operating results of the Company.

Competitive Conditions

The Netherlands is an ideal location to establish and operate a vertically integrated truffles company, primarily due to its 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 SmartShop operators. The Company faces direct competition to attract and retain end-users and competes with other industry participants that may have greater financial resources and longer operating histories. The chief competitors of the Company's product offerings are expected to be existing producers as well as SmartShop operators. Although reliable data is limited, the Company believes that, as of the date of this MD&A, there are at least two (2) major producers of truffles within the Netherlands, and more than one hundred (100) SmartShops operators that offer truffles for sale. To remain competitive, the Company will require a continued high level of investment in acquisitions and investments, research and development, and marketing. The Company may not have sufficient resources to maintain such activities on a competitive basis which could have a material adverse effect on the business, financial condition and operating results of the Company.

Liquidity and Future Financing

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

Dependence on Third Parties

The Company has established relationships with various industry partners in the truffles industry in order to begin operations, develop its brand and product recognition, and generate revenue

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

There can be no assurance that the Company will be able 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.

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

Reliance on Informal Arrangements in the Truffle Market

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

Cash Flow from Operations

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

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted and enforced by governmental entities and obtaining and maintaining all required regulatory approvals. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting, license or approval requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

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

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

Public Company Consequences

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

Fraudulent or Illegal Activity

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

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

General Economic Risks

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

Loss of Entire Investment

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

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

Management of Growth

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

Conflicts of Interest

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

COVID-19 Pandemic

The Company's business could be adversely affected by the effects of the outbreak of novel coronavirus ("COVID-19"). Several significant measures have been implemented in Canada and the rest of the world in response to the impact from COVID-19. Although some of these measures have been amended or repealed, there remains a future risk of reinstated measures in response to the spread of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workplace productivity, and other factors that will depend on future

developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries resulting in an economic downturn that could negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital. Since the initial outset of the pandemic, COVID-19 has not had a direct, material impact on the Company's operations and financial performance.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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

- the Company's performance, business objectives and milestones and the anticipated timing and effects of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation proposed acquisitions, the launch, team, vision, supply, production and promotion of MISTERCAP and its products, the launch and production of Wisdom Truffle and Moon units, the development and roll out of the Wellness World brand);
- the Company's future growth prospects and intentions to pursue one or more viable business opportunities;
- the Company's proposed plans to execute on its business plan and obtain, maintain, and renew or extend, applicable licenses and authorizations, including the timing and impact of the receipt thereof;
- the development of the Company's business and future activities following the date of this MD&A;
- expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;
- expectations with respect to economic, business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's strategic investments and capital expenditures, and related benefits;
- the Company's plans for growing its online retail and brick-and-mortar stores (including its SmartShops);

- the Company's plans to harvest, package, distribute, expand and increase sales of its products (including, without limitation, under its brands iMicrodose, Maka, Happy Caps and MISTERCAP), leading to the Company's increased revenue and brand exposure;
- the market for the Company's current and proposed product offerings, as well as its ability to market and brand its products, the proposed mediums of distribution, and the timelines thereof;
- the Company's expectations involving its partnership with CCrest (including, without limitation, product testing, product development, studies of psilocybin and import licenses);
- the Company's plans for developing intellectual property, conducting scientific studies and scaling up its commercialization of its current and future products;
- the Company producing, distributing, and increasing its manufacturing capabilities with respect to the anticipated demand of its products upon the timelines indicated herein;
- the Company's plans to expand and develop its production facilities, distribution network and partnerships within the timelines provided herein;
- the Company creating and executing on its production, manufacturing and distribution plans in accordance with applicable laws and regulations;
- the Company's plans to expand operations of its mushroom production and distribution, and psilocybin production and sales across both North America and the European Union if and when regulations permit;
- the anticipated benefits and terms of the Company's partnerships with Mistercap, LLC, CCrest, and AEM, and the timelines thereto, including the Company's proposed marketing advisory services from Wiz Khalifa and the continued licensing agreement with Mistercap, LLC;
- the Company, in partnership with Radix Motion, building innovative technology (including, without limitation, Moon, Star, and SuperNova) and increasing scientific data around microdosing that will provide the anticipated benefits to the Company and the Company's customers, within the timelines provided herein;
- the Company's intention to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures;
- the Company providing future information on its brands and product launches;
- the development of the Company's business, brands and future activities following the date of this MD&A;
- the realization of cost savings, synergies or benefits from the Company's recent and proposed acquisitions, and the Company's ability to successfully integrate the operations of any business acquired within the Company's business;
- the Company's plans to generate cash flow from operations and from financing activities;
- the Company remaining as fully vertically integrated with respect to its truffle operations in the Netherlands;
- the Company's plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and the anticipated benefits to the Company, its partners, and clients; and

- the Company hitting its forecasted revenue and sales projections for its current fiscal year and beyond.

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

- current and future members of the Company's management abiding by the business objectives and strategies from time to time established by the Company;
- the Company's ability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities;
- the Company retaining and supplementing its Board and management, or otherwise, engaging consultants and advisors having knowledge of the industries (or segments thereof) within which the Company may from time to time participate;
- the Company having sufficient working capital and the ability to obtain the financing required to develop and continue its business and operations;
- the Company's ability to execute on its business plan and obtain, maintain, and renew or extend, applicable licenses and authorizations, including the timing and impact of the receipt thereof;
- the Company continuing to attract, develop, motivate and retain highly qualified and skilled consults and/or employees, as the case may be;
- no adverse changes will be made in the jurisdictions in which the Company conducts business and any other jurisdiction in which the Company may conduct business in the future;
- the Company's ability to carry out its business and future activities following the date of this MD&A;
- the Company's ability to make accurate forecasts with respect to its expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;
- the Company's ability to make accurate forecasts with respect to its expectations on economic, business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's ability, in partnership with Radix Motion, to build innovative technologies;
- general, economic, financial, market, regulatory and political conditions, including the impact of COVID-19, will not negatively affect the Company or its business;
- the continuous demand for the Company's current and future product offerings;
- the Company effectively managing anticipated and unanticipated costs;
- the Company executing on its business strategy as anticipated (including, without limitation, the launch, team, vision, supply, production of MISTERCAP and its products, the development and roll out of the Wellness World brand, and the Company's engagement with Mr. Khalifa);
- the Company generating cash flow from operations, including, where applicable, through the distribution and sale of its current and future products;
- the Company conducting its operations in a safe, efficient and effective manner;

- the Company hitting its forecasted revenue and sales projections for the third fiscal quarter of 2023 and beyond;
- the Company's ability to grow its online retail portfolio and brick-and-mortar store locations;
- the Company initiating the development, production, distribution, promotion and sale of its products within the timelines provided herein;
- continued approval of the Company's activities by the relevant governmental and/or regulatory authorities;
- product testing yielding favourable results;
- the Company expanding its production and distribution network and entering into and maintaining pertinent partnerships;
- the Company finding viable opportunities to expand its business to new jurisdictions;
- the Company's ability to launch, manufacture, distribute and sell all the products on the terms and timelines outlined herein;
- the Company's ability to remain as fully vertically integrated with respect to its truffle operations in the Netherlands;
- the Company's ability to carry out its plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and the anticipated benefits to the Company, its partners, and clients; and
- the Company devoting resources to the protection of its intellectual property rights.

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

- the Company's inability to attract and retain qualified members of management to grow the business and/or its operations;
- unanticipated changes in general economic, business and market conditions or in applicable laws;
- the Company's inability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities;
- the Company's inability to execute on its business plan and obtain, maintain, and renew or extend, applicable licenses and authorizations, including the timing and impact of the receipt thereof;
- the impact of the publications of inaccurate or unfavourable research by securities analysts or other third parties;
- the Company's inability to carry out its business and future activities following the date of this MD&A;
- the Company's inability to make accurate forecasts with respect to its expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;

- the Company's inability to make accurate forecasts with respect to its expectations on economic, business, regulatory and/or competitive factors related to the Company and the industries within which it operates generally;
- the Company's inability, in partnership with Radix Motion, to build innovative technologies;
- the Company's inability to execute objectives, including expanding its production and distribution networks and entering into and/or maintaining requisite partnerships within the timelines outlined herein or at all;
- the Company's failure to complete future acquisitions or enter into strategic business relationships;
- unanticipated changes in the industries, regulations and jurisdictions within which the Company may from time to time conduct its business and operations, including the Company's inability to respond or adapt to such changes;
- the Company's inability to secure or maintain favourable lease arrangements or the required authorizations necessary to conduct the business and operations and meet its targets;
- the Company's inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Company;
- the Company's inability to increase its revenue through the third fiscal quarter of 2023, and the remainder of the year, or that it will decrease and/or plateau;
- the Company will be unable to grow its online retail and brick-and-mortar store portfolio;
- fluctuation in foreign exchange or interest rates;
- the Company's inability to meet its performance, business objectives and/or milestones and/or realize the effects of, on the anticipated timing of or at all, in connection with, the execution or achievement of such objectives and milestones (including, without limitation proposed acquisitions, the launch, team, vision, supply, production and promotion of MISTERCAP and its products, the launch and production of Wisdom Truffle and Moon units, the development and roll out of the Wellness World brand, and the Company's focus on top line revenue growth and its conversion to the bottom line)
- the Company's inability to produce and distribute its product offerings and capture market share;
- liabilities inherent in the operations of the Company as a participant in the mushroom industry;
- the Company's inability to develop its business, brands and future activities following the date of this MD&A;
- the Company's inability to remain as fully vertically integrated with respect to its truffle operations in the Netherlands;
- the Company's inability to carry out its plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and the anticipated benefits to the Company, its partners, and clients;
- the Company devoting resources to the protection of its; and

- the Company's inability to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures.

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

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

CAUTIONARY NOTE REGARDING FUTURE ORIENTED FINANCIAL INFORMATION

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

Importantly, the FOFI contained in this MD&A and the documents incorporated by reference herein, are, or may be, based upon certain additional assumptions that management believes to be reasonable based on the information currently available to management, including, but not limited to, assumptions about: (i) the future pricing for the Company's products, (ii) the future market demand and trends within the jurisdictions in which the Company may from time to time conduct the Company's business, (iii) the Peterborough Farm's expected revenues of approximately $80,000 per week upon being operational, (iv) the estimated revenue run rate of $16.0 to $17.0 million per annum when the Peterborough Farm becomes operational and the

resulting strong profit margins and cash flow from operations; (v) the estimated cost of building the Mushroom Facilities at $8.0 million; and (vi) the expectations that the AEM farm in New Brunswick generating approximately $30,000 and $32,500 of revenue per week being based on the ability of the AEM farm to continue to produce 5,000 pounds of shiitake mushrooms per week and for such yield to translate into the expected revenues of $30,000 to $32,500 per week is dependent on certain assumptions that management of the Company believes to be reasonable based on the information currently available to management, including the following assumptions: (a) the good working order of all equipment used for the production and distribution of the shiitake mushrooms and other exotic mushrooms (b) the growth process presently employed by the AEM farm in respect of its production schedule being adequate to support the anticipated yield of mushrooms (c) the hiring of the necessary amount of employees who cultivate, harvest, package and deliver to market the mushrooms on a timely basis are able to continue to do so; (d) the historical yield of AEM farm provides an adequate basis for the production of new mushrooms; (e) the current wholesale market for shiitake mushrooms and other exotic mushrooms will be able to absorb the additional production; (f) the forecasted sales and projected revenue streams of the Peterborough Farm; and (g) the Company's continued mushroom sales of current products and anticipated growth in current and future mushroom products in Ontario, rest of Canada, and the United States of America.

On June 20, 2022 the Company acquired 100 acres of farmland located in the Township in Peterborough, Ontario (the "Peterborough Farm") for $1.85 million in cash. The Company is working with AEM to develop the Peterborough Farm with the construction of two mushroom production facilities consisting of approximately 65,000 sq. feet (the "Mushroom Facilities"). The acquisition represents a significant expansion of its farm division, which includes the Happy Caps Mushroom Farm in Halifax, Nova Scotia, AEM farms in New Brunswick, and the Company's truffle farm in Horst, the Netherlands.

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

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