

Red Light Holland Reports Third Quarter 2025 Results

Key Highlights:

- **Cash Balance:** \$13.3 million as of December 31, 2024, including restricted cash of \$763k (\$14.4 million as at March 31, 2024)
- **Cash Increase:** Up \$504k from the previous quarter due to collections from Costco and sales tax refunds received
- **Additional Cash:** Received sales tax refund and interest on November 19, 2024, of \$869k including interest, and decreased cash outflows by \$2.0 million from previous year due to increased earnings from the companies, reduction in G&A, and sales tax collections
- **Revenue for Three and Nine Months:** \$1.2 million and \$4.1 million respectively (down 9.5% and up 17.8% from \$1.3 million and \$3.5 million in 2023)
- **Gross Profit for Three and Nine Months:** 35.5% and 38.9% respectively (42.3% and 45.6% in 2023), with a decrease of 24.1% and an increase of 5.1% increase respectively in gross profit dollars
- **Adjusted EBITDA Loss for Three and Nine Months:** \$684k and \$1,736k respectively (\$862k and \$2,343k in 2023, down 20.7% and 25.9%)
- **Total Assets:** \$22.2 million (\$24.1 million as at March 31, 2024)

Toronto, Ontario--(Newsfile Corp. - February 26, 2025) - Red Light Holland Corp. (CSE: TRIP) (FSE: 4YX) (OTCQB: TRUFF) ("Red Light Holland" or the "Company"), 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, announces its financial and operational results for the three and nine months ended December 31, 2024, the highlights of which are included in this news release. All figures are reported in Canadian dollars. The Company's full set of unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2024, and accompanying management's discussion and analysis can be accessed by visiting the Company's website at www.RedLight.co and its profile page on SEDAR+ at www.sedarplus.ca.

Todd Shapiro, CEO and Director of Red Light Holland, commented:

"Our financial performance in the third quarter of 2025 reflects our commitment to sustainable growth, strategic partnerships, while maintaining strong control in cash. While revenues for the quarter were slightly down due to lower wholesale mushroom sales and from a returned purchase order from Costco Canada, we've continued to grow our revenues by a 5.1% year-over-year increase. We've also continued to reduce our EBITDA loss and Adjusted EBITDA Loss, as we believe we are on the path to long-term profitability."

"Despite broader market challenges, tourism being down in the Netherlands, being debanked in Canada, lack of regulatory changes and uncertain economic forecasts from the market, Red Light Holland has proven the resilience of our business model. Our diversified portfolio, including our latest partnership and re-order with Costco Canada and our soon-to-be announced purchase order with a major retailer in the United States, positions us for continued success. We continue to advance our mission to deliver safe and accessible psilocybin products while maintaining high-quality standards. Irvine Labs, in California, is an ideal partner as we push to expand into global emerging legal markets."

With our partnership with Irvine Labs, it definitely adds a significant addition to our psilocybin R&D repertoire with the ultimate aim of production, distribution and commercialization," added Shapiro.

Key Achievements:

- **Strategic Revenue Growth:** Achieved approximately 18% revenue growth in Q3 2025, on a quarter-over-quarter basis, compared to Q3 2024, not including the latest impactful Costco Canada reorder/partnership with Happy Caps expected to be in Costco Canada's locations in Spring 2025.
- **Diversified Portfolio:** Continued focus on expanding our brand recognition and overall retail distribution channels across Europe and North America, with current sales surpassing \$15.2 million since going public in 2020.
- **Prudent Cash Management:** Significantly reduced the Company's cash burn, reinforcing our focus on financial stability and long-term profitability.
- **Operational Efficiency:** Nearly all of our portfolio-generating companies over the last four quarters have been operating in the black, with positive operating cash flow, excluding non-cash depreciation, corporate costs, and other non-operational expenses, demonstrating our effective management and execution.
- **Global Expansion:** Now operating in the Netherlands, EU, Canada, and the U.S., with plans to grow functional mushroom and psilocybin production/distribution in North America, Europe and Australasia as regulations evolve.

Company Updates:

- **Netherlands Retail Shift:** Sold the inventories and assets of the Oss store in early October for €25,000 to cut costs; launched the Utrecht store online platform offering legal psilocybin truffles, cannabis supplies, and mushroom supplements. However, retail continues to be challenging and Management will review our long-term retail strategy closely for Mush Room & More both online and in store.
- **Psilocybin Truffle Growth:** Horst (the Netherlands) farm cash-positive, supplying SR Wholesale with popular iMicrodose and Maka truffle lines sold across Dutch SmartShops.
- **SR Wholesale Resilience:** Steady revenue and profit despite tourism slowdown, driven by expanded products and distribution.
- **MiniChamp Surge:** Best Quarter to date with redesigned home grow kits fueling European demand, a significant order continually being distributed to a German company; as well as another large client in France. We continue to pursue sales across Europe.
- **AEM Ontario (Peterborough Farm) Progress & Hurdles:** Previous updates showed that we had secured a permit for an 80,000 sq ft Peterborough Mushroom farm and completed prep and roadwork, but a Tier 1 banking institution debanked the Company in January 2025, over reputational risk during a construction loan application, despite our long-standing relationship and strong financial health. This banking loss complicates financing and building expenditures, potentially delaying the project further - solutions and optionality are being explored with updates expected soon.
- **AEM New Brunswick (Shiitake Farm) Challenges:** Shiitake sales were down in Q3, but the Company remains optimistic that we can get back to selling 4,000-5,000 lbs/week as sales have increased over the last month, showing future promising projections.

- **Happy Caps Home Grow Mushroom Kits Progression:** Acquired full ownership, moved production to Ontario for cost savings; now in 350+ stores (seasonally) including in Costco Canada (despite a previous returned order); Costco Canada has committed to a significant unit reorder of 20,000 plus kits this spring. As well, a major U.S. retailer is committed for further retail distribution later this spring, via our partner in Oregon - Trailbridge Farms.
- **Happy Caps Innovation:** Upcoming Lion's Mane/Shiitake gummies set for April/May 2025 beta launch and received a Health Canada Natural Product Number.
- **Psilocybin R&D Advances:** New partnership with California-based Irvine Labs (FDA/DEA-compliant) for microdosing capsules; as we continue progressing with CCrest Laboratories in Montreal, and Allu Therapeutics aiming for future Australia/New Zealand distribution.
- **Veteran Support:** Exploring Dimensions Healings partnership to enable legal psilocybin access for PTSD. The Company is also hopeful that Health Canada will approve another CCrest Laboratories' import permit to use the Company's psilocybin grown in the Netherlands for its microdosing capsules. Updates to come regarding this potential collaboration.
- **Banking Hurdles and Updates:** A Tier 1 banking institution debanked the Company in January 2025 over compliance challenges related to the Company's legal Dutch operations. AEM New Brunswick Farm (exclusively) has since established banking relationships with another Tier 1 bank, while the Company is exploring solutions to gain Tier 1 banking activities for its other subsidiaries, including AEM Peterborough. The Company's banking activities in the Netherlands remains strong.
- **M&A Activity:** The Company presented non-binding offers to two potential acquisition targets. However, terms couldn't be finalized with either party. We remain focused on exploring M&A opportunities, aiming to acquire companies at valuations below their asking price while offering working capital support - a key need for many targets we're engaging with, given their limited access to funds, even with fundamentally sound business growth plans.

Forward Outlook:

Red Light Holland remains committed to focusing on a strategic path aimed at profitability and continued advocacy for responsible adult access and the 'right to try' psilocybin to help those in need. As we expand our product offerings and distribution, we are positioned to capitalize on emerging market opportunities while building long-term shareholder value as an "everything" mushroom company.

Selected financial information for the third quarter ended December 31, 2024: (Expressed in Canadian Dollars)

Consolidated Statements of Net Loss

	Three Months ended December 31,		Nine Months ended December 31,	
	2024	2023	2024	2023
Revenue	1,168,453	1,291,070	4,094,971	3,476,072
Cost of Sales	753,674	744,671	2,503,588	1,961,908
Gross Profit	414,779	546,399	1,591,383	1,514,164
Gross profit as a % of sales	35.5%	42.3%	38.9%	45.6%
Operating Expenses				
General and administrative	1,423,444	1,713,185	4,378,230	4,718,690
Share-based payments	(21,560)	155,827	712,345	1,222,136
Interest expense	42,985	71,893	125,103	178,697
Research	(123)	2,159	24,789	48,245
Loss Before Other Items and Taxes	(1,029,967)	(1,396,665)	(3,649,084)	(4,653,604)
Other Items				
Reversal of provision for sales taxes	-	-	163,249	-
Unrealized gains (loss) in FV of marketable securities	-	4,159	-	(32,867)

Gain on termination of contract	-	-	161,924	-
Contract termination fee	-	-	(171,883)	-
Realized gain on sale of property, plant and equipment	4,167	-	4,167	13,138
Gain on leases decommission	4,284	-	4,284	-
Foreign exchange gains (loss)	2,104	(2,719)	(6,900)	(746)
Change in fair value of derivative liability	-	11,037	-	38,405
Change in fair value of call option	-	-	-	(28,110)
Change in fair value of convertible debenture	-	-	113,615	-
Interest income	99,875	135,689	416,278	399,931
Net Loss Before Taxes	(919,537)	(1,248,499)	(2,964,350)	(4,263,853)
Recovery of income taxes	20,690	28,932	24,670	58,700
Net Loss	(898,847)	(1,219,567)	(2,939,680)	(4,205,153)
Net Loss Attributable to:				
Shareholders of Red Light Holland Corp.	(852,470)	(1,193,397)	(2,841,940)	(4,136,373)
Non-controlling Interest	(46,377)	(26,170)	(97,740)	(68,780)
Net Loss	(898,847)	(1,219,567)	(2,939,680)	(4,205,153)
Net Loss per Share - Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Number of Outstanding Shares				
- Basic and Diluted	400,935,887	394,404,102	399,540,364	394,175,587

Reconciliation of Net Loss to Adjusted EBITDA

	Three Months ended December 31,		Nine Months ended December 31,	
	2024	2023	2024	2023
Net Loss for the period	(898,847)	(1,219,567)	(2,939,680)	(4,205,153)
Income taxes (recovery)	(20,690)	(28,932)	(24,670)	(58,700)
Amortization and depreciation	228,143	171,303	667,350	510,743
Interest and accretion	39,892	71,754	117,027	177,911
EBITDA ⁽ⁱ⁾	(651,502)	(1,005,442)	(2,179,973)	(3,575,199)
Adjusted for non-operating or unusual items	(32,115)	(143,350)	443,889	1,232,316
Adjusted EBITDA ⁽ⁱⁱ⁾	(683,617)	(862,092)	(1,736,084)	(2,342,884)

(i) EBITDA - is a non-IFRS financial measure

(ii) Adjusted EBITDA - is a non-IFRS financial measure

Cash Flow Statement Excerpts

	Nine Months ended December 31,		Increase (Decrease)
	2024	2023	
Cash flows used in Operating Activities	(933,684)	(2,466,780)	(1,533,096)
Cash flows used in Investing Activities	(486,139)	(446,792)	39,347
Cash flows provided by (used in) Financing Activities	372,098	(142,157)	(514,255)
Total Cash Outflows	(1,047,725)	(3,055,729)	(2,008,004)

Cash Balance

	2024	2023	Increase (Decrease)
Cash and cash equivalents, end of period, December 31	13,290,656	15,418,931	
Cash and cash equivalents, end of period, September 30	12,786,288	16,363,670	
Increase (decrease) in cash from previous quarter	504,368	(944,739)	(1,449,107)

Issuance of Shares for Debt Settlement

In addition, as previously announced, the Company has settled \$350,000 of amounts owing to an arm's length creditor through the issuance of 7,000,000 common shares in the capital of the Company at the

deemed price of \$0.05 per share.

About Red Light Holland

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.

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Cautionary Statement Regarding Forward-Looking Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current conditions but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. **Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its respective subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this news release. Examples of such information include statements with respect to:** the Company's strategic commitment to growth while maintaining strong cash management; the Company focusing on expanding brand recognition and overall retail distribution channels; the Company focusing on financial stability and long-term profitability; the Company focusing on continued advocacy for the legalization of, and adult access to, psilocybin; the Company being well-positioned with its research and development, distribution, branding, and sales infrastructure strategies to capitalize on emerging market opportunities while building long-term shareholder value; the Company becoming the leading provider of functional mushrooms and psilocybin products in North American and Europe; AEM Farm can sell 4,000-5,000 lbs/week in Shiitake mushrooms; Happy Caps' upcoming U.S. West Coast expansion in the spring; the Company's upcoming Lion's Main/ Shiitake gummies beta launch in April/May 2025; the Company's aim for future Australia and New Zealand distribution of its microdosing capsules; Health Canada will approve CCrest Laboratories' import permits to use the Company's psilocybin grown in the Netherlands for its microdosing capsules; potential future collaboration with Dimensions Healings; and the Company exploring solutions to reestablish banking activities for its other subsidiaries.

Forward-Looking information in this news release are based on certain assumptions and expected future events, namely: continued approval of the Company's activities by the relevant governmental and/or regulatory authorities; the Company's ability to maintain its prudent cash management; the Company ability to explore potential mergers and acquisitions; the Company's ability to advance its research and development efforts; the Company's ability to maintain its strategic commitment to growth while maintaining strong cash management; the Company's continued focus on expanding brand recognition and overall retail distribution channels; the Company's continued focus on financial stability and long-term profitability; the Company's continued focus on advocacy for the

legalization of, and adult access to, psilocybin; the Company being well-positioned with its research and development, distribution, branding, and sales infrastructure strategies to capitalize on emerging market opportunities while building long-term shareholder value; the Company becoming the leading provider of functional mushrooms and psilocybin products in North American and Europe; AEM Farm's ability to sell 4,000-5,000 lbs/week in Shiitake mushrooms; Happy Caps' ability to expand to the U.S. West Coast in the spring; the Company's ability to launch Lion's Main/ Shiitake gummies in April/May 2025; the Company's ability to distribute its microdosing capsules in Australia and New Zealand; Health Canada will have the ability to approve CCrest Laboratories' import permits to use the Company's psilocybin grown in the Netherlands for its microdosing capsules; the Company's ability to collaborate with Dimensions Healings; and the Company's ability to reestablish banking activities for its other subsidiaries.

Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, namely: the Company's inability to obtain continued approval of the Company's activities by the relevant governmental and/or regulatory authorities; the Company's inability to continue advocating for the legalization of, and adult access to, psilocybin; the Company's inability to increase its brand recognition and overall retail distribution channels; the Company's inability to maintain its prudent cash use; the Company inability to explore potential mergers and acquisitions; the Company's inability to maintain its strategic commitment to growth while maintaining strong cash management; the Company not being well-positioned with its research and development, distribution, branding, and sales infrastructure strategies to capitalize on emerging market opportunities while building long-term shareholder value; the Company not becoming the leading provider of functional mushrooms and psilocybin products in North American and Europe; AEM Farm's inability to sell 4,000-5,000 lbs/week in Shiitake mushrooms; the Company's inability to launch Lion's Main/ Shiitake gummies in April/May 2025; the Company's inability to distribute its microdosing capsules in Australia and New Zealand; Health Canada will not approve CCrest Laboratories' import permits to use the Company's psilocybin grown in the Netherlands for its microdosing capsules; the Company's inability to collaborate with Dimensions Healings; and the Company's inability to reestablish banking activities for its other subsidiaries.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws.



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