

# Red Light Holland Closes Acquisition of SR Wholesale Becoming a Leader in Distribution of Psychedelics

Toronto, Ontario--(Newsfile Corp. - March 19, 2021) - Red Light Holland Corp. (CSE: TRIP) (FSE: 4YX) (OTC Pink: TRUFF) ("**Red Light Holland**" or the "**Company**"), an Ontario-based corporation engaged in the production, growth and sale of a premium brand of magic truffles to the legal, recreational market within the Netherlands, is pleased to announce that its wholly-owned subsidiary, RLH Netherlands B.V. (the "**Purchaser**"), has completed the acquisition (the "**Acquisition**") of SR Wholesale B.V. ("**SR Wholesale**"), one of the Netherlands' premiere distributors for quality psychedelic truffles. In 2020, SR Wholesale generated over \$2.44 Million in revenues<sup>[1]</sup>, and over \$822,000<sup>1</sup> in gross profit, with approximately \$400,000<sup>1</sup> of cash and working capital currently on hand. SR Wholesale also distributes popular CBD products, cannabis seeds, smart shop items, and headshop products, among others. SR Wholesale has established a distribution network of over 400 companies that sell their products across Europe, including working with sub-distributors which provide products to over 1,000 shops in countries like the Netherlands, Germany, Spain, Czech, Greece, UK, France, and Portugal.

Founded in 2017, SR Wholesale has grown to become one of the most recognized and trusted distribution companies in the Netherlands. In connection with the Acquisition, Red Light Holland is excited to announce that Mr. Shai Ramsahai, Founder of SR Wholesale, has joined the Red Light Holland team on closing as Vice-President to oversee the integration of SR Wholesale into the Red Light Holland ecosystem, and grow the distribution business for Red Light Holland globally. The acquisition will create immediate synergies and enhance Red Light Holland's growth and expansion strategy by:

- Creating the necessary scale to support the growth of the continuing trend towards increased usage of psychedelics, including opening up the distribution channels to hundreds of stores for Red Light Holland's iMicrodose Packs
- Providing access to many new, unique and legendary product offerings within the Psychedelic sector including obtaining sole-ownership of the established Mister Maka Brand ([www.MisterMaka.com](http://www.MisterMaka.com)) which produces Magic Truffles
- Giving Red Light Holland the instant opportunity to white-label to help with brand growth, exposure and expansion
- Creating new revenue generation opportunities across Red Light Holland's e-commerce platform at [www.iMicrodose.nl](http://www.iMicrodose.nl)
- Allowing Red Light Holland to have access to established brands and a vast array of products in sectors outside of Psychedelics, including existing inventory to reach sales opportunities and increased profit margins
- Immediately becoming a distribution leader with expertise and know how, while looking to combine the complementary skill sets to focus on increasing SR Wholesale's market share in the Netherlands and other global markets
- Instantly, growing the Red Light Holland infrastructure and staff with current leaders in the psychedelic industry, including Mr. Shai Ramsahai, Founder of SR Wholesale, who will join Red Light Holland as the Company's Vice-President

- Gaining invaluable access to data and personal connections, including a plentiful and important list of email, production, white-label, retail store, retail product and social contacts

"The acquisition of SR Wholesale marks the latest step in the Company's growth and expansion strategy, as we continue to move forward with a positive business outlook focused on achieving revenue growth, profitability and value creation for our shareholders. We expect this transaction to serve as a launchpad for Red Light Holland to broaden operations, create new homes for our iMicrodose packs and build brand exposure into multiple European markets. Others companies in the sector can keep telling people or assuming how people should consume psilocybin years from now, while we will continue offering people what they want right now, while concentrating on immediate revenue, profit and growth" said Todd Shapiro, the Chief Executive Officer and Director of the Company. "We are quite thrilled, after months of tough negotiations and careful due diligence, to move forward as the largest legal psychedelic distribution publicly traded company in the world.<sup>[2]</sup> As well, we are truly so pleased to work closely with Mr. Shai Ramsahai, who is one of the brightest, most determined and likeable entrepreneurs I've ever come across. And he is an absolute legend in the Netherlands!"

"This is an exciting time for both SR Wholesale and Red Light Holland. After years of hard work we have established an incredible and profitable Distribution company with a huge network across the Netherlands and Europe. I believe that moving forward with Hans Derix (Red Light Holland's President) and Todd Shapiro coupled with our extremely knowledgeable, loyal and committed team, that together we can grow our wholesale business to new heights," said Shai Ramsahai, Founder of SR-Wholesale. "I'm also incredibly proud to be joining Red Light Holland as their Vice-President to help with the smooth transition of SR Wholesale and to then focus on other opportunities for Red Light Holland with my years of experience in the creation and production of consumer goods, a deep knowledge of successful distribution and sales of copious amounts of products and my vast connections and personal relationship within the Psychedelic Sector and beyond."

The Acquisition was completed pursuant to the terms of a share purchase agreement (the "**Purchase Agreement**") between the Purchaser and the sole shareholder of SR Wholesale (the "**Seller**"). Pursuant to the Purchase Agreement, the consideration payable to the Seller for the acquisition is comprised of (i) a cash payment of €900,000, as adjusted to give effect to the amount of cash above or below certain working capital amounts pursuant to the Purchase Agreement, and (ii) an unsecured convertible promissory note to be issued by the Company in the principal amount of €300,000 (the "**Convertible Note**"). The Convertible Note bears interest at a rate of 5% per annum, payable annually at the end of each year. The principal amount and interest from time to time outstanding under the Convertible Note is convertible into common shares of the Company ("**Common Shares**") at a conversion price of \$0.38.

The Company has also approved the grant of 1,000,000 stock options to purchase common shares of Red Light Holland to Mr. Shai Ramsahai. The options have an exercise price of \$0.38 per common share and have a term of 2 years.

### **About SR Wholesale B.V.**

SR Wholesale B.V. is a Dutch company based in Schijndel, Netherlands, specialized in the selection, distribution and export of Products such as Truffles, CBD products, cannabis seeds, Smartshop items, Headshop products, Growshop goods and Cannabis Bake House muffins, cookies and cakes. SR Wholesale has been operating successfully in the exceptionally competitive sales market for more than 4 years, in multiple European countries reaching over 1,000 retail shops.

SR Wholesale and the Seller were advised by Mr David Mtsan, Principle, Moonstone Advisors, the advisory arm of Moonstone Finance Group Ltd.

### **About Red Light Holland Corp.**

The Company is an Ontario-based corporation engaged in the production, growth and sale of magic truffles to the legal market within the Netherlands, in accordance with the highest standards, in

compliance with all applicable laws.

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## Forward-Looking Statements

*Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of these terms and similar expressions. Specifically, forward-looking statements in this news release include but are not limited to, statements related to (i) the anticipated benefits of completing the Acquisition, (ii) expectations of future financial performance of the Company; and (iii) the expansion of the Company's operations. Forward-looking statements necessarily involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Readers are further cautioned that the assumptions used in the preparation of such forward-looking statements (including, but not limited to, the assumption that (i) the Company will be able to execute on its business plan, and will receive one or multiple licenses, permits, and authorizations from time to time necessary to execute on its business plan, (ii) the Company's financial condition and development plans do not change as a result of unforeseen events, (iii) there will continue to be a demand, and market opportunity, for the Company's product offerings, (iv) the Company will be able to establish, preserve and develop its brand, and attract and retain required personnel, (v) current and future economic conditions will neither affect the business and operations of the Company nor the Company's ability to capitalize on anticipated business opportunities, (vi) the Company will be able to realize the anticipated synergies of the transactions contemplated by the Purchase Agreement, and (vii) the continued availability of capital and financing on acceptable terms), although considered reasonable by management of the Company at the time of preparation, may prove to be imprecise and result in actual results differing materially from those anticipated, and as such, undue reliance should not be placed on forward-looking statements. The forward-looking statements included in this news release are made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities laws. Forward-looking statements, forward-looking financial information and other metrics presented herein are not intended as guidance or projections for the periods referenced herein or any future periods, and in particular, past performance is not an indicator of future results and the results of the Company in this press release may not be indicative of, and are not an estimate, forecast or projection of the Company's future results. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.*

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[1] Based on unaudited results and based on the daily rate of exchange as of March 17, 2021, as published by the Bank of Canada, being €1 = \$1.4858.

[2] Based on the Company's review of filings made by publicly traded psychedelic companies, specifically relating to revenue from distribution and size of distribution network.



## RED LIGHT HOLLAND

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