

# Red Light Holland Closes Acquisition of 80% of Happy Caps Mushroom Farm - Specializing in Grow-At-Home Mushroom Kits

Toronto, Ontario--(Newsfile Corp. - June 10, 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 in the Netherlands, is pleased to announce that it has completed the acquisition of an 80% stake in 4316747 Nova Scotia Limited ("**Happy Caps**"). Happy Caps Mushroom Farm in Nova Scotia, Canada, is a unique gourmet mushroom farm, cleverly positioned in the mushroom plug spawn business, selling fresh mushrooms for the wholesale market and specializing in 'grow your own mushroom kits' with sales in Canada and the United States.

The transaction is immediately revenue accretive, and the Company will aggressively pursue additional revenue growth opportunities, including potentially introducing Happy Caps' products to Europe via SR Wholesale, RLH Netherlands B.V.'s wholly-owned wholesale company which has established a distribution network of over 400 companies that sell products across Europe. Happy Caps' two founders, CEO, Andrew Kobayashi and CMO, Andrew Hatfield (collectively, the "**Vendors**") bring a wealth of growing expertise and their 'know how' will be valuable for Red Light Holland's broader and future operations. Additionally, this expertise can be leveraged as the Company considers introducing functional mushroom products in the future.

The acquisition of Happy Caps presents a brand building opportunity for Red Light Holland, as Happy Caps products powered by Red Light Holland will reach more consumers in a plethora of markets. Finally, the Happy Caps product suite will serve as a strong platform to launch grow-at-home products of varying species and strains in the future, if and when regulations permit.

"Growing your own mushrooms is going from the ground to the moon. Red Light Holland understands the popularity of functional mushroom products are a part of the overall sector which we can't ignore. As I've made clear in the past, we are planning for and believe in an entire world where one day adults may legally have the ability to access natural-occurring psilocybin, and much like The Cannabis Act, which permits adults to cultivate up to 4 cannabis plants per household, have the ability to grow magic mushrooms at home for responsible, personal use and potentially approved natural-occurring medicinal use." said Todd Shapiro, CEO and Director of Red Light Holland. "Our acquisition of Happy Caps has that long-term idea in mind, but until that becomes a reality we are incredibly excited by the opportunity to accelerate Happy Caps' already impressive growth trajectory within the grow-at-home gourmet mushrooms segment while increasing our world class brand and putting a spotlight on it! We're also going to ramp up these Beauties' social media pages and make sure to go to [www.HappyCaps.ca](http://www.HappyCaps.ca) or Amazon to order your kits today!"

"Getting to know the Red Light Holland team over the last several months has given us strong conviction in the Company's strategic objectives," said Andrew Kobayashi, CEO of Happy Caps. "We look forward to working with the Red Light team and leveraging their distribution networks and relationships in order to get our kits into an ever increasing number of homes, both in Canada and hopefully abroad. We also look forward to being another important piece to this incredibly cool and progressive Company!"

The Acquisition was completed pursuant to the terms of the definitive agreement (the "**Acquisition Agreement**") dated June 10, 2021, pursuant to which Red Light Holland acquired 80% of the issued and outstanding shares of Happy Caps for \$450,000. The consideration was comprised of \$50,000 cash and 1,290,323 common shares of the Company (the "**Red Light Shares**"), with each Red Light Share priced at \$0.31 being the 10-day volume weighted average price of the Red Light Shares on the Canadian Securities Exchange immediately prior to the closing of the Acquisition. The Acquisition

Agreement provides for up to \$550,000 of earn out payments to be made to the Vendors subject to reaching certain sales milestones, with all milestones subject to minimum gross margin requirements.

In addition to the foregoing, as per the terms of the Acquisition Agreement, the Vendors have granted the Company an option to acquire all the remaining shares in Happy Caps not held by the Company, thus allowing Red Light Holland to become the sole shareholder of Happy Caps (the "**Call Option**"), at a 100% enterprise value equal to \$2,500,000. The Call Option will be exercisable at any time following a period of two (2) years from closing. The consideration under the Call Option, if exercised, may be satisfied in Red Light Shares, on the basis of a deemed price per Red Light Share equal to the volume weighted average price per Red Light Share on the CSE for the 10 consecutive trading days preceding closing of the Call Option.

## **About Happy Caps Farm**

Happy Caps is an urban gourmet mushroom farm located in Halifax, Nova Scotia that specializes in quality 'grow your own mushroom kits', mushroom plug spawn and fresh mushrooms for the wholesale market. Grow your own Mushroom kits are available at [www.HappyCaps.ca](http://www.HappyCaps.ca).

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

The Company is an Ontario-based corporation engaged in the production, growth and sale (through existing Smart Shops operators and an advanced e-commerce platform) of a premium brand of magic truffles to the legal market within the Netherlands, in accordance with the highest standards, in compliance with all applicable laws.

## **For additional information on the Company:**

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## **Forward-Looking Statements**

Neither the Canadian Securities Exchange (the "**CSE**") nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

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 condition, 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.

Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein include, but are not limited to: information regarding the transaction being immediately revenue accretive; information regarding the introduction of functional mushroom products in the future, the ability of Happy Caps products to allow Red Light Holland to reach more customers, Red Light Holland's ability to launch grow-at-home products of varying species and strains, and the granting of regulatory permission with respect to grow-at-home mushroom kits.

These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the risk that an increase in revenue as a result of the closing of the Acquisition may not occur, the ability of Red Light Holland to continue as a going concern; the risks associated with the psychedelics industry in general such as operational risks in growing, competition, incorrect assessment of the value and potential benefits of various transactions; failure to obtain required regulatory and other approvals, in particular with respect to the sale of varying strains grow-at-home mushroom kits and changes in legislation; changes to the Company's strategic growth plans and the prospects thereof; and risks associated with the distribution and sale of mushroom products.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further 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. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. Red Light Holland and Happy Caps disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



**RED LIGHT HOLLAND**

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