

Red Light Holland Reports First Quarter 2022 Financial Results

- Cash balance of \$23.0 million as at June 30, 2022
- Revenue of \$785 thousand
- Property and equipment value of \$4.8 million
- Total assets of \$32.7 million

Toronto, Ontario--(Newsfile Corp. - August 29, 2022) - 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 functional mushrooms and mushroom home grow kits in North America, and a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands, in compliance with all applicable laws, is pleased to announce that it has filed its financial results for the first fiscal quarter of 2022 ended June 30, 2022, the highlights of which are included in this news release. The condensed interim consolidated financial statements for the three months ended June 30, 2022 and the accompanying management's discussion and analysis ("**MD&A**") can be accessed by visiting the Company's website at www.RedLight.co, and its profile page on SEDAR at www.sedar.com.

"I am pleased to announce that for our first fiscal quarter of 2022, we generated revenue of \$785 thousand and gross profit of \$289 thousand, an increase of 31.9% and 202.1%, respectively, compared to the same quarter last year. Considering Red Light Holland's short history, and the very early innings of the psychedelic sector, we are very proud of our accomplishments and cautious spending to get there," said Todd Shapiro, Chief Executive Officer and Chairman of Red Light Holland. "We continue to build a strong foundation based upon operational excellence, customer satisfaction and brand awareness which have been the drivers for our revenue growth. We are now fully vertically integrated in the Netherlands, and we are expanding in both Canada and the United States. Near term future revenue growth opportunities will be realized through our increasing production capacity at Acadian Exotic Mushrooms Ltd.'s ("**AEM**") operational gourmet mushroom production facility in New Brunswick, and the addition of our two new retail stores in Oss and Utrecht. Currently we are pleased with the year-over-year sales growth at both Happy Caps in Halifax and SR Wholesale in Schijndel. Down the road we are also excited about the development of an additional AEM production facility in Peterborough, as discussed in our MD&A. Overall, our focus and goal of expanding production, distribution, branding and sale of our consumer-packaged goods has given us a great jump out of the gate. Oh, and working with Wiz Khalifa as we build out the Mistercap's brand is very exciting as we anticipate making noise as we get closer to market with the Mistercap's products. Our mission remains: to provide affordable and equitable adult access to naturally occurring psilocybin via technology, education, information and responsible use. I am grateful for our shareholders' continued support and our team's hard work. As always, feel free to contact me anytime with the email provided below. #FreeTheMagic."

With regards to the strength of the current financial position, David Ascott, Chief Financial Officer of Red Light Holland, added, "Our financial position and liquidity remains strong, and the Company currently has sufficient capital to fund its ongoing business development and future growth and expansion plans for the foreseeable future. The Company's working capital as at June 30, 2022 was \$22.8 million which included \$23.0 million of cash and cash equivalents. During the first fiscal quarter of 2022, the Company added \$1.9 million in property and equipment through the acquisition of 100 acres of farmland near Peterborough, Ontario."

SUMMARY OF THE THREE MONTHS ENDED JUNE 30, 2022

- Revenue of \$785 thousand (2021 - \$595 thousand), generating gross profit of \$289 thousand (2021 - \$96 thousand), resulting in a gross margin of 36.8% (2021 - 16.1%);
- Net loss for the period was \$1.3 million, loss of \$0.00 per share (2021 - \$3.4 million, loss of \$0.01

per share);

- Continued strong financial position, including cash in the amount of \$23.0 million;
- In June 2022, the Company acquired 100 acres of farmland near Peterborough, Ontario for cash consideration of \$1.85 million. The Company intends to build 65,000 sq feet of enclosed production space for two mushroom production facilities;
- On June 29, 2022, the Company entered into a partnership with multi-platinum selling, GRAMMY and Golden Globe Award-nominated recording artist, Wiz Khalifa, to launch a new Mushroom wellness brand called 'MISTERCAP' through entering into an intellectual property licensing agreement with Mistercap, LLC. For more information, please see the Company's press release dated June 30, 2022;

In addition, the Company wishes to announce that the Psy-Fi Festival, which Red Light Holland was set to be the lead sponsor and was to take place in September in the Netherlands has been cancelled this year. The Company will provide updates on any proposed future relocation and/or rescheduling of the event. The Company did not incur expenses and does not owe any future obligations in connection with the cancellation of this event.

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 a premium brand of psilocybin truffles to the legal, recreational market within the Netherlands, in compliance with all applicable laws.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events.

The forward-looking information and forward-looking statements contained herein include, but are not limited to, statements regarding: the Company's business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation, proposed acquisitions); the Company's future growth prospects and intentions to pursue one or more viable business opportunities; the development of the Company's business, brands and future activities following the date hereof; 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 or the mushroom and psychedelics industries generally; the impact of the COVID-19 pandemic on the Company's current and future operations; the market for the Company's current and proposed product offerings, as well as the Company's ability to capture market share; the Company's strategic investments and capital

expenditures, and related benefits; the distribution methods expected to be used by the Company to deliver its product offerings; the competitive landscape within which the Company operates and the Company's market share or reach; the performance of the Company's business and the operations and activities of the Company; the Company making meaningful increases to its revenue profile; the Company continuing to increase its revenue through the second fiscal quarter of 2022, and the remainder of the year; the Company's ability to generate cash flow from operations and from financing activities; the Company's ability to obtain, maintain, and renew or extend, applicable authorizations, including the timing and impact of the receipt thereof; 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 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 anticipated sales from continuing operations for the financial year of the Company ending March 31, 2023; the Company hitting its forecasted revenue and sales projections for the second quarter of 2022; the Company expanding both Canada and the United States; and the Company's development plans with respect to its production facilities.

Forward-looking information in this press release are based on certain assumptions and expected future events, namely: current and future members of management will abide by the Company's business objectives and strategies from time to time established by the Company; the Company will retain and supplement its board of directors and management, or otherwise engage consultants and advisors having knowledge of the industries (or segments thereof) within which the Company may from time to time participate; the Company will have sufficient working capital and the ability to obtain the financing required in order to develop and continue its business, brands and operations; the Company will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be; no adverse changes will be made to the regulatory framework governing psychedelics, mushrooms, taxes and all other applicable matters 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 will be able to generate cash flow from operations, including, where applicable, distribution and sale of mushrooms and mushroom products; the Company will be able to execute on its business strategy as anticipated; the Company will be able to meet the requirements necessary to obtain and/or maintain authorizations required to conduct the business; general economic, financial, market, regulatory, and political conditions, including the impact of the COVID-19 pandemic, will not negatively affect the Company or its business; the Company will be able to successfully compete in the mushroom and psychedelic industries; mushroom prices will not decline materially; the Company will be able to effectively manage anticipated and unanticipated costs; the Company will be able to maintain internal controls over financial reporting and disclosure, and procedures in order to ensure compliance with applicable laws; the Company will be able to conduct its operations in a safe, efficient and effective manner; general market conditions will be favourable with respect to the Company's future plans and goals; the Company will reach the anticipated sales from continuing operations for the financial year of the Company ending March 31, 2023; the Company will complete its proposed acquisitions; the Company will hit its forecasted revenue and sales projections for the second quarter of 2022; the Company will develop its production facilities; the Company will make meaningful increases to its revenue profile; the Company will continue to increase its revenue through the second fiscal quarter of 2022, and the remainder of the year; the Company will complete the development of its production facilities; and the Company will expand in Canada and the United States.

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 Company's inability to attract and retain qualified members of management to grow the Company's business, brands and its operations; unanticipated

changes in economic and market conditions (including changes resulting from the COVID-19 pandemic) or in applicable laws; the impact of the publications of inaccurate or unfavourable research by securities analysts or other third parties; the Company's failure to complete future acquisitions or enter into strategic business relationships; interruptions or shortages in the supply of mushrooms available to support the Company's operations from time to time; unanticipated changes in the mushroom and psychedelic industries in the 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 secure desirable retail store locations on favourable terms; risks relating to projections of the Company's operations; 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; risk that the Company will not reach the anticipated sales from continuing operations for the financial year of the Company ending March 31, 2022; risk that the Company will not hit its forecasted revenue and sales projections for the second quarter of 2022; risk that same-store sales will not increase, but decrease and/or plateau; risk that the Company will be unable to increase its revenue profile; risk that the Company will be unable to increase its revenue through the second fiscal quarter of 2022, and the remainder of the year, but that it will decrease and/or plateau; risk that the Company will be unable to expand in Canada and the United States; and risks that the Company will be unable to complete the development of any or all of its production facilities.

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 press release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

CAUTIONARY NOTE REGARDING FUTURE ORIENTED FINANCIAL INFORMATION

*This press release 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 "Cautionary Note Regarding Forward-Looking 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 press release 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 Company's ongoing inventory levels, and operating cost estimates, and (iv) the Company's unaudited financial results for the three months ended June 30, 2022. The FOFI or financial outlook contained in this press release 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 press release 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 press release. Except as required by Canadian securities laws, the Company does not intend, and does not assume any obligation, to update such FOFI.



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