

# Red Light Holland Reports Second Quarter 2023 Financial Results

- Cash balance of \$20.5 million as at September 30, 2022
- Revenue of \$736 thousand (2021 - \$485 thousand)
- Property and equipment value of \$4.7 million
- Total assets of \$31.2 million
- Net loss for the quarter was \$1.3 million, or (\$0.00) per share (2021 - \$1.8 million, or (\$0.01) per share)
- Acquisition of MiniChamp B.V., a grow at home mushroom kit producer, located in Horst, The Netherlands, with existing sales distribution channels throughout the European Union

Toronto, Ontario--(Newsfile Corp. - November 30, 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 Europe, 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 second fiscal quarter of 2023 ended September 30, 2022, the highlights of which are included in this news release. The condensed interim consolidated financial statements for the three and six months ended September 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](http://www.RedLight.co), and its profile page on SEDAR at [www.sedar.com](http://www.sedar.com).

"I am pleased to announce that for our second quarter of fiscal 2023 revenue increased 51.6% to \$736 thousand and gross profit increased 83.3% to \$288 thousand compared to \$486 thousand and \$157 thousand, respectively, from the same period last year. Our revenue growth represents both the consolidation of recent acquisitions and increased activity levels, specifically the increased production levels at Acadian Exotic Mushrooms Ltd. Our gross profit, which represents 39.1% of sales, has generated strong results through improvements to production efficiencies and prudent spending. As a result, our net loss has improved from \$1.8 million in the prior year to \$1.3 million in the current year. We are proving that as a Company involved in the psychedelic sector that revenues are happening now! As we move forward, we will continue to focus on top line revenue growth and its conversion to the bottom line," said Todd Shapiro, Chief Executive Officer and Director of Red Light Holland.

"Operational excellence, customer satisfaction and brand awareness continue to be the pillars of our foundation and drivers of our future growth. The integration of our two new retail stores in Oss and Utrecht in the Netherlands is now complete and we continue to develop our Wellness World brand which is expected to roll out early in calendar 2023. Acadian Exotic Mushroom Ltd., now operating at approximately 80% capacity, continues to increase deliveries of gourmet exotic mushrooms from our production facility in New Brunswick. I am also pleased to report that, subsequent to the quarter end, we closed on our acquisition of MiniChamp B.V., a grow at home mushroom kit producer, located in Horst, The Netherlands, with existing sales distribution channels throughout the European Union. We have learned a ton since acquiring a majority stake of Happy Caps Mushroom Farm back in June of 2021, and we are proud of their growth and remain confident with our decision to focus on the grow-at-home mushroom kit business strategy. As well, while the launch dates have been pushed back a bit, we are very pleased with the progress of the behind-the-scenes creation of MISTERCAP's home grow mushroom kits, who will be receiving marketing advisory services from Wiz Khalifa as he plans on leveraging his social media presence to promote these legal mushroom products across Canada, United States, and the European Union. We are already focused on lining up supply and production of the MISTERCAP products in anticipation of their launch. I'm tremendously excited to present our brand unveil of MISTERCAP's in the coming weeks. In my opinion - it'll be worth the wait," added Mr. Shapiro.

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 September 30, 2022 was \$20.7 million which included \$20.5 million of cash and cash equivalents. For the six months ended September 30, 2022, the Company generated revenues of \$1.5 million and gross profit of 577 thousand."

## **SUMMARY OF THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

- Revenue of \$736 thousand (2021 - \$486 thousand), generating gross profit of \$288 thousand (2021 - \$157 thousand), resulting in a gross margin of 39.1% (2021 - 32.3%)
- Net loss for the period was \$1.3 million, loss of \$0.00 per share (2021 - \$1.8 million, loss of \$0.01 per share)
- Continued strong financial position, including cash in the amount of \$20.5 million;
- On October 4, 2022, the acquired 100% of the issued and outstanding shares of MiniChamp B.V., a grow at home mushroom kit producer, located in Horst, The Netherlands, with existing sales distribution channels throughout the European Union. The acquisition consideration was comprised of €550,000 and 981,466 common shares of Red Light Holland. The Acquisition Agreement also provides for the opportunity for up to €100,000 of earn out payments to be made to the Vendor subject to reaching certain sales milestones

"While in St. Vincent the regulatory progress has remained slow, we are proud and anticipate working further with CCrest Laboratories Inc., in Canada, for further testing, research and product development with our homegrown psilocybin Truffles from our Netherlands farm. As well, in the last quarter we have continued to work with grass root movements and regulatory bodies in the United States and have seen great progress on regulations for legal access to natural Psilocybin and microdosing. Voters in Colorado approved a ballot measure legalizing the use of psilocybin and in Oregon, Measure 109's current draft rules allow for group services (with regulations) that are mostly aligned to our recommendation, which will hopefully allow for equitable microdosing services. In Washington State, we have been working with the Psilocybin Advisory Board and our lobbyist has been helping promote a legalization bill for next year's session. On the technology front, we continue to spearhead psychedelic technology, with increased users of our iMicro app, increased deployment of our educational virtual reality in smartshops with the goal of teaching and empowering customers to use natural psilocybin responsibly, while making the most of their experience," said Sarah Hashkes, Chief Technology and Innovation Officer of Red Light Holland.

"We have also passed all strict regulatory tests for Wisdom (the Moon version) and we've had very successful user testing of the Moon MindPlay biofeedback game in large festivals and conferences. Finally, regarding the Wisdom Truffle, as further discussed in our MD&A, we are a bit delayed in production, but our team has done a tremendous job working through Covid and global supply chain issues. Everything is back on track and soon we will be launching a social media campaign, with approximately 30 social media influencers, with our first round of production of the Moon units and shortly after, we will also start pre-sales. Shareholders and future consumers can expect more details and a robust update on the Wisdom Truffle soon. We continue to be very excited to start marketing and ultimately selling Wisdom to the public as soon as possible," added Sarah Hashkes.

"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 at the email provided below. #FreeTheMagic," concluded Mr. Shapiro.

Red Light Holland and The MISTERCAP brand are committed to creating educational and responsible use messaging in relation to the use of any products made available by the brand. Red Light Holland and Mistercap LLC will share further details on the MISTERCAP products in both North America and Europe, team, and vision in the weeks to come. MISTERCAP products will be intended to help promote a healthy lifestyle. No MISTERCAP and/or Red Light Holland products are intended to treat or cure any medical conditions and are in no event a substitute for professional medical care. No statements made by Red

Light Holland, Mistercap LLC or Wiz Khalifa have been evaluated by the United States Food and Drug Administration or any other similar body of another jurisdiction, and are in no event a substitute for professional medical care. Red Light Holland, Mistercap LLC and Wiz Khalifa encourage all consumers to speak with their doctors and professional medical advisors for any solutions that may be appropriate for each person individually.

## **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.

## **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 performance, 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, 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 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 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 Company making meaningful increases to its revenue profile; the Company continuing to increase its revenue through the third fiscal quarter of 2023, 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 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 remainder of fiscal*

2023; the Company providing a robust update on the Wisdom Truffle; and the Company providing affordable and equitable access adult access to naturally occurring psilocybin.

*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 achieve the performance, meet their business objectives and milestones in their anticipated time and within the anticipated cost; 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 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 hit its forecasted revenue and sales projections for the remainder of fiscal 2023; the Company will develop its production facilities; the Company will make meaningful increases to its revenue profile; and the Company will provide affordable and equitable access adult access to naturally occurring psilocybin.*

*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, 2023; risk that the Company will not hit its forecasted revenue and sales projections for the third fiscal quarter of 2023; 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 remainder of fiscal 2023, but that it will decrease and/or plateau; risks that the Company will be unable to complete the development of any or all of its production facilities; risk that the Company will be unable to launch, develop, promote, supply, and/or produce their products upon their anticipated timelines; and risk that the Company will be unable to provide affordable and equitable access adult access to naturally occurring psilocybin.*

*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.*



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