

Red Light Holland Reports Third Quarter 2023 Financial Results

- Cash balance of \$19.7 million as at December 31, 2022
- Revenue of \$1.2 million (vs Q3 2022: \$622 thousand, an increase of 88.9%)
- Gross Profit of \$587 thousand (vs Q3 2022: \$233 thousand, an increase of 152.2%)
- Property and equipment value of \$4.8 million
- Total assets of \$30.5 million
- Acquisition of MiniChamp B.V., a home grow mushroom kit producer offering a wide variety of quality and exotic mushrooms servicing customers across 20+ European countries
www.MiniChamp.nl

Toronto, Ontario--(Newsfile Corp. - February 27, 2023) - 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, is pleased to announce that it has filed its financial results for the third fiscal quarter of 2023 ended December 31, 2022, the highlights of which are included in this news release. The condensed interim consolidated financial statements for the three and nine months ended December 31, 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 third quarter of fiscal 2023 revenue increased 88.9% to \$1.2 million and gross profit increased 152.2% to \$587 thousand compared to \$622 thousand and \$233 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. ("**AEM**") and our increased sales and brand growth of Happy Caps ("**Happy Caps**") mushroom home grow kits. Our gross profit, which represents 50.0% of sales, has generated strong results through improvements to production efficiencies and prudent spending. As we move forward, we will continue to focus on top line revenue growth and its conversion to the bottom line."

"We are also exploring some near term potential M&A opportunities, including having a signed non-binding letter of intent with a company in the Consumer Packaged Goods mushroom category, who we are in current due diligence with. We are excited to put our strong cash position to work for us with expansion and future revenue growth in mind. Red Light Holland, its Board of Directors and Management are always focused on growing our overall mushroom business, as we zone in on increasing near term revenues while waiting for hopeful catalysts in the potential legal psychedelic market. However, until then, we plan on making a variety of different mushrooms sexy - with the ultimate goal of increasing shareholder value," said Todd Shapiro, Chief Executive Officer and Director of Red Light Holland.

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 December 31, 2022 was \$19.2 million which included \$19.7 million of cash and cash equivalents. Analyzing our results from Q2 2023 to Q3 2023, revenues increased from \$736 thousand to \$1.2 million (an increase of 59.6%) and gross profit increased from \$288 thousand to \$587 thousand (an increase of 104.1%). The net loss for the three months ended December 31, 2022 was \$1.3 million, which has increased slightly over the prior year results of \$1.2 million. For the nine months ended December 31, 2022, the Company generated revenues of \$2.7 million and gross profit of 1.2 million."

RED LIGHT HOLLAND FARM DIVISION AND HOME GROW KITS UPDATE:

"Operational excellence, customer satisfaction and brand awareness continue to be the pillars of our foundation and drivers of our future growth. The integration of MiniChamp B.V. operations in the Netherlands is now complete and we look forward to opportunities in the mushroom home grow kit market and extensive distribution channels throughout Europe which the Company hopes they can utilize. AEM, now operating at approximately 80-90% capacity, continues to increase deliveries of gourmet shiitake mushrooms from our production facility in New Brunswick. We have focused on sales and brand growth with Happy Caps lion's mane, oyster and shiitake Home Grow Kits and we continue to have great success with these products as they've now been accepted into 22 Canadian Tire locations and 13 Loblaws Super Stores exceeding over 90 retail locations across Canada. And we expect that number to grow in the near future," said Mr. Shapiro.

"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 increased production, as we have purchased a state of the art automated machine to handle all future forecasts for Home Grow Kit production of MISTERCAP's products in anticipation of their launch, expected Summer 2023, plus Happy Caps' production as well. Our automated machine from Japan, is expected to be set up at our Partners' farm in Summer of 2023," added Mr. Shapiro.

The Company continues to work with AEM, an operating gourmet mushroom production with facilities in New Brunswick, which is majority owned by Red Light Holland, and co-owned by the leading Canadian mushroom farming groups and individuals: Holburne Mushroom Farm and Mike and Fernando Medeiros of Carleton Mushroom Farms, to develop two mushroom production facilities with the aggregate footprint of 65,000 sq. ft. (the "**Mushroom Facilities**") to be located on the Peterborough Farm. This development will enable the Company to dramatically expand its farm division ("**Red Light Farms**"), by adding the Peterborough Farm to its existing portfolio of farms: Happy Caps Gourmet Mushroom Farm in Halifax, Nova Scotia, AEM in the Provinces of New Brunswick and Ontario, and MiniChamp B.V., Home Grow Kit Farm and Red Light's Truffle Farm - both located in Horst, The Netherlands.

The Company also continues to work with an expert mushroom farm design firm in The Netherlands and experienced Canadian engineers to finish the site plans for the Peterborough project. With the design phase nearing completion, the Company intends to submit the finalized engineered stamped plans within the next 4-6 weeks to the Township of Cavan Monaghan (the "**Township**") in order to begin the approval process as the Company seeks to obtain permits for the construction of the Mushroom Facilities. Once completed, the Peterborough Farm is expected to immediately generate revenues of approximately \$80,000 per week. As it ramps up to its full production capacity, the Company expects a revenue run rate of approximately \$16.0 to \$17.0 million per annum with strong profit margins and cash flows from operations. The Mushroom Facilities should take approximately 18 months to construct following the submission of the final plans to the Township. The cost to build the Mushroom Facilities is estimated to be around \$8.0 million.

SCARLETTE LILLIE SCIENCES AND INNOVATION UPDATE:

Based upon the Company's evaluation of the future viability of its wholly owned subsidiary, Mera Life Sciences LLC (renamed Scarlette Lillie Sciences and Innovation), to achieve its operational objectives, the Company has commenced an initiative to re-evaluate its business in St. Vincent and the Grenadines and will conclude on a plan with its Board of Directors prior to year-end. As an alternative to operating in St. Vincent and the Grenadines, we are working closely with CCrest Laboratory Inc. ("**CCrest**") in Montreal, Quebec to develop a homogenized microdosing capsule. The current research will soon be performed on 3,000 grams of natural psilocybin truffles, grown in the Netherlands at the Company's facility in Horst, that were approved by Health Canada to import to CCrest. We anticipate our naturally

occurring psilocybe truffles to land at CCrest any day now. Furthermore, the Company has engaged Cannabis License Experts Inc. to assist the Company with an application for a Controlled Drugs and Substances Dealer's Licence with the aim of psilocybin production, research and development at the Company's mushroom production facility in New Brunswick.

SR WHOLESALE B.V.:

SR Wholesale B.V., the Company's wholly owned subsidiary ("**SR Wholesale**"), in The Netherlands continues to run efficiently and currently distributes large volumes of Magic Truffles to the Netherlands market, including the Company's own brands (i) Maka magic truffles line, including the Hollandia, Makaanaut, Muskoka, Mexicana, Atlantis, Double Vision, Old Dutch and Utopia varieties, which are designated as a Responsible Use Psychedelic and (ii) iMicrodose magic truffles, which is also a responsible use psychedelic brand supported by education, information, community events and tele-counseling support. Both the Maka and iMicrodose line of truffles is currently being distributed and sold by a number of SmartShops across the Netherlands.

SR Wholesale is also expanding its wellness division to align with Red Light's strategy for their wholly owned Retail shops. SR Wholesale plans to create a "SR Wellness" division, with its own unique website to distribute health and wellness products, like Conor McGregor's TIDL Sport and legal functional mushroom products with the goal of distributing these products to the Netherlands and the rest of the European Union.

RETAIL SHOPS UPDATE:

The Company's rebrand of its retail stores in Oss and Utrecht is moving forward as we are currently reviewing new proposed designs from an interior design company and options to renovate the locations, increase the number of products to align the brand to the holistic view of mind and body health while executing on customer experience initiatives. We expect that these updates will be complete by Summer 2023.

WISDOM TRUFFLE UPDATE:

The Company is pleased to announce that Moon, designed by Karim Rashid, after passing all certifications needed, is available for sale in Canada, USA and Europe at www.BringWisdomHome.com with delivery estimated this April. The Star model has also completed its design phase and is awaiting final completion of the testing and certification prior to its initial manufacturing run, which is expected before mid-year. The engineering, design and production of the SuperNova model has been deferred for 12 to 18 months to focus sales and marketing efforts on the other two models.

MISSION AND ADVOCACY:

"We clearly have a lot going on at Red Light Holland. We have evolved into an everything mushroom company and it's nice to see progress as our core mission remains: to provide legal affordable and equitable adult access to naturally occurring psilocybin via technology, education, information and responsible use. We are proud of our advocacy support in Washington State, Colorado, Oregon and Canada. In Oregon, we are pleased about the current regulations which show favorable suggestions on microdosing, following our in-house experts' recommendations. In Washington State we continue to work with a new approach lobby group and Red Light Holland experts have testified in front of the Senate hearing. In Canada, we are proud of being a major partner to help provide financial support with TheraPsil in trying to change the laws to provide all Canadian adults who need it with legal access to psilocybin. We are grateful to be working with such a beautiful organization, who have led the way in Canada to achieve exemptions and special access to magic mushrooms for their patients, helping many in need. And as always, I am grateful for our shareholders' continued support and our team's hard work. We continue to be the People's Company who are clearly aligned with our shareholder's vision as we want to #FreeTheMagic in hopes of a better future with positive change. I personally look forward to meeting shareholders either in person or online on March 23rd at our previously announced AGSM. For

further information, we highly encourage all shareholders or potential investors to carefully read through our MD&A now filed on www.Sedar.com," 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 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.

CORRECTIVE DISCLOSURE:

In the Company's press release dated October 5, 2023, it was stated that the 981,466 common shares in the capital of the Company (the "**Common Shares**") were issued as consideration for the acquisition of MiniChamp B.V. The Company had only actually only issued 864,542 Common Shares at the time and issued the remaining and outstanding balance on February 17, 2023.

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, and the design, production, and manufacturing of the SuperNova model, 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 plans to hold their AGSM as announced for the stated purposes; the Company's future growth prospects and intentions to pursue one or more viable business opportunities (including the entering of non-binding letter of intent with a company in the Consumer Packaged Goods mushroom category); the development of the Company's business, brands and future activities following the date hereof; the Company's expectations involving its partnership with CCrest (including, without

limitation, product testing, product development, studies of psilocybin and import licenses); the Company's ability to grow its online retail portfolio and brick-and-mortar store locations and make proposed announcements thereof under the timelines stated; the Company's SR Wholesale subsidiary's plans for expanding its wellness division to align with the Company's strategy for their wholly owned retail shops and plans to create a "SR Wellness" division; the Company's plan to re-evaluate its business in St. Vincent and the Grenadines and will conclude on a plan with its Board of Directors prior to year-end; 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 (including its MiniChamp B.V. operations in the Netherlands and the Happy Caps Home Grow Kits domestically in Canada); 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 and such offerings providing the stated benefits, 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 continuing to increase its revenue through its current fiscal year and beyond; 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; the Company hitting its forecasted revenue and sales projections; and the Company's plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and the anticipated benefits to the Company, its partners, and clients; and the anticipated benefits and terms of the Company's partnerships with Mistercap, LLC, CCrest, and AEM, and the timelines thereto, including the Company's proposed marketing advisory services from Wiz Khalifa and the continued licensing agreement with Mistercap, LLC.

Forward-looking information in this press release are based on certain assumptions and expected future events, namely: the Company's ability to meet or surpass performance and business objectives and milestones under the anticipated timing of, and forecasted costs in connection with, the execution or achievement of such objectives and milestones; the Company's ability to hold its AGSM as announced for the stated purposes; the Company's ability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities (including the entering of non-binding letter of intent with a company in the Consumer Packaged Goods mushroom category); the Company's ability to develop the Company's business, brands and future activities following the date hereof; the Company's ability to meet expectations involving its partnership with CCrest; the Company's ability to grow its online retail portfolio and brick-and-mortar store locations and make proposed announcements thereof under the timelines stated; the Company's SR Wholesale subsidiary's ability to achieve its plans in expanding its wellness division to align with the Company's strategy for their wholly owned retail shops and plans to create a "SR Wellness" division; the Company's ability to carry out its plan to re-evaluate its business in St. Vincent and the Grenadines and will conclude on a plan with its Board of Directors prior to year-end; the Company's ability to accurate forecast and meet 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; the Company's ability to accurate forecast and meet expectations with respect to economic, business, regulatory and/or competitive factors related to the Company or the mushroom and psychedelics industries generally; the ability of the Company to achieve continued growth in the market for the Company's current and proposed product offerings, as well as the Company's ability to capture market share; the ability of the Company to capitalize on strategic investments and capital expenditures, and related benefits; the Company's ability to access existing and other distribution methods expected to be used by the Company to deliver its product offerings; the Company's ability in continuing to increase its revenue through its current fiscal year and beyond; 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 Company's ability to realize 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 ability to accurately forecast and meet anticipated sales from continuing operations for the financial year of the Company; the Company's ability to hit its forecasted revenue and sales projections; the Company's ability to carry to its plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and realize the anticipated benefits to the Company, its partners, and clients; and the Company's ability to capitalize on the anticipated benefits under terms of the Company's partnerships with Mistercap, LLC, CCrest, and AEM, and the timelines thereto, including the Company's proposed marketing advisory services from Wiz Khalifa and the continued licensing agreement with Mistercap, LLC.

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 meet or surpass performance and business objectives and milestones under the anticipated timing of, and forecasted costs in connection with, the execution or achievement of such objectives and milestones; the Company's inability to hold its AGSM as announced for the stated purposes; the Company's inability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities (including the entering of non-binding letter of intent with a company in the Consumer Packaged Goods mushroom category); the Company's inability to develop the Company's business, brands and future activities following the date hereof; the Company's inability to meet expectations involving its partnership with CCrest; the Company's inability to grow its online retail portfolio and brick-and-mortar store locations and make proposed announcements thereof under the timelines stated; the Company's SR Wholesale subsidiary's inability to achieve its plans in expanding its wellness division to align with the Company's strategy for their wholly owned retails shops and plans to create a "SR Wellness' division; the Company's inability to carry out its plan to re-evaluate its business in St. Vincent and the Grenadines and will not conclude on a plan with its Board of Directors prior to year-end; the Company's inability to accurate forecast and meet 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; the Company's inability to accurate forecast and meet expectations with respect to economic, business, regulatory and/or competitive factors related to the Company or the mushroom and psychedelics industries generally; the inability of the Company to achieve continued growth in the market for the Company's current and proposed product offerings, as well as the Company's inability to capture market share; the inability of the Company to capitalize on strategic investments and capital expenditures, and related benefits; the Company's inability to access existing and other distribution methods expected to be used by the Company to deliver its product offerings; the Company's inability in continuing to increase its revenue through its current fiscal year and beyond; the Company's inability to generate cash flow from operations and from financing activities; the Company's inability to obtain, maintain, and renew or extend, applicable authorizations, including the timing and impact of the receipt thereof; the Company's inability to realize cost savings, synergies or benefits from the Company's recent and proposed acquisitions, and the Company's inability to successfully integrate the operations of any business acquired within the Company's business; the Company inability to accurately forecast and meet anticipated sales from continuing operations for the financial year of the Company; the Company's inability to hit its forecasted revenue and sales projections; the Company's inability to carry to its plans to develop the Mushroom Facilities on its Peterborough Farm under the anticipated timelines and budgets and realize the anticipated benefits to the Company, its partners, and clients; and the Company's inability to capitalize on the anticipated benefits under terms of the Company's partnerships with Mistercap, LLC, CCrest, and AEM, and the timelines thereto, including the Company's proposed marketing advisory services from Wiz Khalifa and the continued licensing agreement with Mistercap, LLC. 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 "Caution Regarding Forward Looking Information And Cautionary 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 and the documents incorporated by reference herein, 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 Peterborough Farm's expected revenues of approximately \$80,000 per week upon being operational, (iv) the estimated revenue run rate of \$16.0 to \$17.0 million per annum when the Peterborough Farm becomes operational and the resulting strong profit margins and cash flow from operations; and (v) the estimated cost of building the Mushroom Facilities at \$8.0 million.

The FOFI or financial outlook contained in this 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", FOFI or financial outlook within this in 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 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.



RED LIGHT HOLLAND

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