



# KIARO REPORTS FIRST QUARTER FINANCIAL RESULTS

VANCOUVER, British Columbia – Jun 27, 2022 – Kiaro Holdings Corp. (“Kiaro” or the “Company”) (TSXV: KO) (OTC: KIARF), is pleased to announce it has filed its unaudited condensed interim financial statements (“Financial Statements”) and related management’s discussion and analysis (“MD&A”) for the three months ended April 30, 2022 (“Q1 2022”). The highlights of which are presented in this news release and available on SEDAR.com and the Company’s website [kiaro.com](http://kiaro.com). All amounts, unless specified otherwise, are expressed in Canadian dollars.

## Highlights Q1 FY2023

- Revenue growth of 77% to \$9.2 million from \$5.2 million in Q1 prior year;
- Retail revenue growth of 41% to \$5.4 million from \$3.8 million in Q1 prior year;
- Wholesale revenue growth of 78% to \$3.3 million, representing 36% of the total revenue, from \$1.9 million in Q1 prior year;
- Retention of strong retail margins at 37%, wholesale margins increased from 7% to 10% compared to Q1 in the prior year;
- Onboarding of new talent in senior leadership roles to lead and develop the Retail and Ecommerce segments;
- Total Assets as at April 30, 2022 of \$19.9 million, compared to total assets as at April 30, 2021 of \$11.4 million;
- In Q1 FY2023, adjusted EBITDA has improved to Q4 FY2022 by \$258,000;
- eCommerce revenue growth of 26% to the prior quarter.

“We are excited to share our Q1 FY23 financial performance with shareholders which is our third straight quarter in a row of record revenue growth. This is the second quarter that included the full financial performance of our most recent acquisition Hemisphere and exceptionally strong financial performance from National Cannabis Distribution (“NCD”), the Company’s wholly owned subsidiary focused on the Saskatchewan wholesale market. The combined operations have proven to deliver record revenue growth, improve margins, and push us closer to our critical milestone of achieving positive EBITDA.” said Eleanor Lynch, the Company’s Interim Chief Executive Officer. “NCD revenue growth of 78% to \$3.3 million was an outstanding result and contributed over 36% of the revenue volume. Kiaro’s ability to attract top talent to lead our business channels has proven to be foundational in driving asset performance. The acquired eCommerce business is fast growing and contributed revenue of \$752,853 to the quarter as compared to \$596,536 in Q4 of FY2022.”

“The first quarter has shown excellent growth as the Company reported revenue of \$9,157,643 compared to \$5,167,064 in Q1 FY2022. Revenue growth was underpinned by volume from the acquired Hemisphere retail stores and the strong revenue results from NCD, our wholesale business”, said Eleanor Lynch, the Company’s Interim Chief Executive Officer.

“I would like to thank the Kiaro team who meet challenges with enthusiasm and creativity and who continue to deliver at the highest standards. Particularly well managed by the team has been retail gross margins, which have remained steady at 37% while the Wholesale segment is at 10%. The successful management of gross margins reflects Kiaro’s strong core competency in buying strategies that encompass category management,

consumer engagement, promotional cadence and market pricing research. Kiaro gross margins are among the healthiest of the top publicly traded Canadian cannabis retailers (based on recent filings).”

For the quarter, the total operating expenses as a percentage of revenue was 44% compared to 48% for the same period in the prior year. Efficiencies were gained by utilizing existing overheads and fixed costs to support growth in operations.

Adjusted EBITDA over the prior four quarters has fluctuated. In Q3 and Q4 FY2022, approximately \$452,000 of costs supported the newly acquired companies for; additional human resources, support for the onboarding of over 70 employees, one-time professional fees, and technical integration. In Q1 FY2023, adjusted EBITDA has improved from Q4 FY2022 by \$258,000 due to easing of COVID-19 omicron restrictions in Ontario and a strong revenue growth in the Wholesale segment.

### Summary of the First Quarter Financial Results

	Three months ended		
	April 30, 2022	April 30, 2021	Change
	\$	\$	%
Revenue	9,157,643	5,167,064	77%
Gross profit	2,506,397	1,557,661	61%
Gross profit %	27%	30%	-3%
Operating expenses	(3,984,610)	(2,457,900)	62%
Other expenses	(383,824)	(79,682)	382%
Adjusted EBITDA <sup>(1)</sup>	(735,479)	(179,964)	309%
<b>Net loss and comprehensive loss</b>	<b>(1,862,037)</b>	<b>(979,921)</b>	90%
<b>Loss per share, basic and diluted</b>	<b>(0.01)</b>	<b>(0.01)</b>	

#### Notes:

- Adjusted EBITDA is a non-GAAP financial measure and is not a recognized, defined, or standardized measure under IFRS. Refer to “Cautionary Note Regarding Non-GAAP Measures.”

Continued growth and income from the Vendor Data and Education programs, which the Company has agreed to with key Licensed Producers, is expected for the remainder of the year.

Ms. Lynch stated that: “The Company looks forward to strengthening performance as diversification strategies continue to deliver, external challenges ease and recently recruited leaders focus on driving revenue in key segments”.

## **ABOUT KIARO**

**TSXV:KO**

Kiaro Holdings Corp (TSXV:KO) (“Kiaro”) is a trusted, diversified, omni-channel public cannabis company headquartered in Vancouver, British Columbia. Kiaro is a licensed cannabis retailer, a wholesale distributor, and an eCommerce retailer of vaporizers and accessories. Kiaro is dedicated to introducing new and experienced consumers to a lifelong exploration of cannabis.

Closely connected to the communities in which they operate and trading under the Kiaro and Hemisphere Brands, Kiaro has 17 professionally operated, best in class retail locations in British Columbia, Ontario and Saskatchewan. The wholesale business, National Cannabis Distribution (NCD) is fast growing as it expands its services within Saskatchewan. The eCommerce business (acquired in July 2021) has 3 sites (Vaped.ca, Vaped.com & Vaporizersdirect.com.au) operating in Canada, the US and Australia.

With more than 80 years of collective retail, wholesale and eCommerce experience, Kiaro's leadership team has a proven track record of growing brands across North America and executing on acquisitions and financings. The Company plans to continue its growth trajectory through consumer-centric retail, eCommerce, and wholesale distribution segments.

For more information about the Company, including the most recent analyst report, please visit [investors.kiaro.com](https://investors.kiaro.com).

On behalf of Kiaro Holdings Corp.

Eleanor Lynch  
Interim Chief Executive Officer

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#### **Forward-Looking Information**

This news release contains statements that may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may include, among others, statements regarding the future plans, costs, objectives or performance of Kiaro, or the assumptions underlying any of the foregoing. In this news release, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. In this news release, forward-looking statements relate, among other things, to: overall growth of the Canadian cannabis market and retail opportunities and the award of new operating permits and licenses in various jurisdictions. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. No assurance can be given that any events anticipated by the forward-looking information will transpire or occur. Forward-looking information is based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond Kiaro's control. These risks, uncertainties and assumptions include, but are not limited to, those described in filing statement of the Company dated September 29, 2020, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com), and could cause actual events or results to differ materially from those projected in any forward-looking statements. Furthermore, any forward-looking information with respect to future expansion plans is subject to the qualification that management of Kiaro may decide, and the assumptions that any construction or conversion would not be cost prohibitive, required permits will be obtained and the labour, materials and equipment necessary to complete such construction or conversion will be available. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Kiaro does not intend, nor undertake any obligation, to update or revise any forward-looking information contained in this news release to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.