

Kiario Reports 230% Increase in Revenue in Fiscal Year 2021

- *Record revenues of \$17.1 million for fiscal year 2021, an increase of 230%, compared to \$5.2 million the year prior*
- *Same store sales increase of 58% year over year*
- *Gross margin of 38.1% for the retail operations during fiscal year 2021 compared to 35% the prior year*
- *General and administrative expense for fiscal year 2021 substantially decreased to 12% of revenue compared to 61% in the prior year*
- *Total HQ salaries decreased to 10% of revenue compared to 46% in the prior year*
- *Convertible debt and accrued interest of \$6.5M converted to equity and settlement of \$1.75M in promissory notes in fiscal year 2021, leaving only \$895K in total principal debt remaining*
- *Equity Financings totaling \$4M in gross proceeds completed in fiscal year 2021 and subsequent to year end*
- *Milestone completion of qualifying transaction by reverse-take-over of DC Acquisition Corp, and listing on TSX Venture under the symbol 'KO' in October 2020*
- *Appointment of Eleanor Lynch as Chief Operating Officer, and Janet Hoffar as Chief Financial Officer, and achieving gender-equality on the executive leadership team*

Vancouver, British Columbia – May 4, 2021 – Kiario Holdings Corp. (TSXV: KO) (“Kiario” or the “Company”) today announced its fourth quarter and year end financial results for fiscal year 2021 ended January 31, 2021. All amounts, unless specified otherwise, are expressed in Canadian dollars.

“Fiscal year 2021 was a transformational year for Kiario where we showcased that we are one of the best-in-class cannabis retail operators,” stated Daniel Petrov, Chief Executive Officer of Kiario. “Our significant revenue growth for fiscal year 2021 reflects the rapid scale of our business segments and the execution capabilities of the entire Kiario team. Looking ahead into Fiscal 2022, we look forward to the continued engagement from cannabis consumers, growing our brand and market presence, and opportunities for accelerated revenue growth.”

“I want to thank the entire Kiario team for their effort, dedication and flexibility in the face of the Covid-19 pandemic,” continued Mr. Petrov. “Safety for our staff and customers is our number one priority. Given the changing nature of safety protocols through this difficult time, the Kiario team has been able to ensure safety while continuing to provide unforgettable customer experiences for all our customers.”

Summary of Fiscal Year 2021 Financial Results

For the twelve months ended January 31, 2021, Kiario recorded revenues of \$17.1 million, comprised of \$12.1 million from the retail segment and \$5.0 million from the wholesale segment. Comparatively, in the thirteen months ended January 31, 2020, the Company recorded total revenues of \$5.2 million, comprised of \$3.4 million from the retail segment and \$1.8 million from the wholesale segment. The 230% increase in revenue in comparison to the prior year is primarily due to the opening of four new retail locations, same store sales increases and an increase in the total addressable market and market presence for the wholesale segment.

For the twelve months ended January 31, 2021, Kiario recorded a gross profit of \$5.1 million, comprised of \$4.6 million from the retail segment and \$0.5 million from the wholesale segment. This represents a 292% year over year increase when compared to the thirteen months ended January 31, 2020, where gross profit was \$1.3 million.

Total operating expenses for the twelve months ended January 31, 2021, were \$8.8 million compared to \$9.7 million in the thirteen months ended January 31, 2020. The decrease in operating expenses, despite the addition of four retail stores, is a

testament to the management's controls and efforts towards operational excellence. Salaries and employee benefits decreased as a percentage of revenue to 22% compared to 64% of revenues in the thirteen months ended January 31, 2020.

For the twelve months ended January 31, 2021, Kiaro recorded adjusted EBITDA of negative \$0.72 million. Comparatively, in the thirteen months ended January 31, 2020, the adjusted EBITDA was negative \$5.9 million. Strong revenue increases combined with fundamental management of operating expenses relative to revenue growth resulted in the improvements towards profitability.

As at January 31, 2021, the Company had positive working capital of \$1,108,870 (January 31, 2020 - \$2,815,847), however, subsequent to year end, the Company closed a bought deal financing raising gross proceeds of \$3,000,000.

Select Financial Information

	Three months ended January 31, 2021	Three months ended October 31, 2020	% Change	Year ended January 31, 2021	Thirteen months ended January 31, 2020	% Change
	\$	\$	%	\$	\$	%
Revenue	5,214,123	5,190,930	0%	17,071,866	5,171,836	230%
Gross profit	1,598,886	1,563,791	2%	5,114,208	1,341,965	281%
Operating expense	(2,512,319)	(2,320,858)	-8%	(8,843,117)	(9,727,247)	-9%
Loss from operations	(913,433)	(757,067)	-21%	(3,728,909)	(8,385,282)	56%
Other expenses ¹	(275,176)	(2,136,725)	87%	(5,608,128)	(4,117,968)	-36%
Net loss	(1,188,609)	(2,893,792)	59%	(9,337,037)	(12,503,250)	25%
Adjusted EBITDA ²	(106,156)	29,561	-459%	(726,162)	(5,915,865)	88%

(1) In the three months ended October 31, 2020, other expenses included one-time costs totaling \$1.72 million relating to the Qualifying Transaction. Of the \$1.72 million, \$0.24 million relates to transaction costs paid and \$1.48 million represents the consideration of the DCA common shares less the net assets acquired.

(2) 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".

Fiscal Year 2021 Fourth Quarter Highlights and Recent Developments:

The Company:

- On December 10, 2020, the Company announced that NCD entered into a reseller agreement with Golden Coast Sales and Marketing Inc. ("Golden Coast") for the exclusive distribution rights to various edible and ingestible cannabis related products in Saskatchewan.
- On February 11, 2021, the Company announced that NCD entered into an exclusive reseller agreement with Rubicon Organics (TSXV:ROMJ) for the distribution rights in Saskatchewan.
- On February 25, 2021, the Company announced the launch of their Ask Kiaro Anything ("A.K.A.") program, in order to provide complimentary, one-on-one information sessions aimed to help curious consumers of legal age enhance their cannabis experience through a custom-tailored session that addresses individual needs.

- On March 11, 2021, the Company completed its previously announced bought deal private placement with gross proceeds of \$3 million.
- On March 25, 2021, the Company completed the acquisition of a cannabis retail location in Kelowna, British Columbia. The Company's application for a cannabis retail store license has been submitted to the Liquor & Cannabis Regulation Branch of the Province of British Columbia. The Company plans to open this location at its earliest opportunity, with a target date of the second half of 2021.

Covid-19 Measures

Kiaro remained focused on the safety of its customers and employees, demonstrating operational strength, resiliency and agility while navigating the Covid-19 pandemic. Kiaro modified its in-store experience and introduced a reserve online and pick up in store option for consumers. Kiaro also eliminated all unnecessary in-store touch points and is following British Columbia and Saskatchewan Health Authority and WorkSafe guidelines. Kiaro expects to continue to monitor direction given by applicable health authorities and adjust its retail experience accordingly. Although there have not been any significant impacts to the Company's operations to date, the Company cannot provide assurance that there will not be disruptions to its operations in the future.

Cautionary Note Regarding Non-GAAP Measures

This news release refers to certain financial performance measures that are not defined by and do not have a standardized meaning under IFRS (termed "Non-GAAP measures"). These Non-GAAP measures are defined in the MD&A. Non-GAAP measures are used by management to assess the financial and operational performance of the Company. The Company believes that these Non-GAAP measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and prospects in a similar manner to the Company's management. As there are no standardized methods of calculating these Non-GAAP measures, the Company's approaches may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. Accordingly, these Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

- Adjusted EBITDA is calculated as net loss excluding finance income (expense), income taxes, depreciation, amortization, share-based compensation, loss on modification and extinguishment of debt, foreign exchange, changes in fair value of financial instruments, lease termination loss and loss on sublease and non-cash impairment of equity investments, loss on sale of financial instruments, impairment of long-lived assets, goodwill, and other assets, and the transaction cost of certain transactions. Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare Kiaro to its competitors and derive expectations of future financial performance for Kiaro. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on financial instruments, which may be volatile and fluctuate significantly from period to period.

Kiaro Holdings Corp.

Based in Vancouver, British Columbia, Kiaro is an independent, omni-channel cannabis retailer and distributor. Through existing storefronts across British Columbia and Saskatchewan, a wholesale distribution division servicing Saskatchewan, and plans for national expansion, Kiaro is driven to introduce new and experienced consumers to a lifelong exploration of cannabis. With more than 40 years of collective retail-focused experience, Kiaro's leadership team has a proven track record of growing retail brands across North America and plans to open multiple retail locations nationwide over the coming years.

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: proposed retail expansion plans and management’s ability to execute on same, overall growth of the Canadian cannabis market and retail opportunities, 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 Kiaro Filing Statement dated September 29, 2020, a copy of which is available on SEDAR at 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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