

Kiaro Acquires Cozy Cannabis and Enters Ontario With a Premier Toronto Location, and adds US and Australia Focused Ecommerce

Vancouver, British Columbia – July 12, 2021 – Kiaro Holdings Corp. (TSXV: KO) (“Kiaro” or the “Company”), a national omni-channel cannabis retailer and wholesale distributor, is pleased to announce the Company has completed the acquisition of all issued and outstanding shares of Sculthorp SEO Inc. (“Cozy Cannabis”), which currently operates a highly desirable retail location in Toronto and three eCommerce business platforms (the “Transaction”). Completion of the Transaction will launch Kiaro into the Ontario retail cannabis market, and create a new digital portfolio focused on the supply of high-quality consumption accessories to Canadian, American and Australian consumers.

The total purchase price in connection with the Transaction of \$1,350,000 has been settled by the issuance of \$850,000 in common shares of Kiaro (“Shares”) at a price of \$0.135 per Share, and \$500,000 in cash, subject to a \$50,000 holdback for certain performance and transitional matters and customary adjustments. Subject to and in accordance with applicable securities laws, the Shares will be subject to transfer restrictions releasable in tranches over the 18 months following closing.

Key Transaction Highlights

- **Provides Kiaro a strategic entry into the U.S. and Australian market:** The Transaction provides Kiaro with new revenue segments from the U.S. and Australian jurisdictions with consumption accessory sales. As a result of the Transaction, Kiaro anticipates being well-positioned to take advantage of any future U.S. and Australia advances towards federal legalization.
- **Solidifies Kiaro’s strategic entry into Ontario:** The prime location at 1428 Dundas St W in the heart of Trinity Bellwoods neighborhood of Toronto is Kiaro’s first brick and mortar store in the Ontario cannabis retail market. The location will also serve as the eCommerce hub for Ontario thereby strengthening the Company’s best-in-class omni-channel retail approach.
- **Expands the Company’s eCommerce reach both nationally and internationally:** The addition of Vaped.ca, Vaped.com, and VaporizersDirect.com.au, complements Kiaro’s current eCommerce platform and is expected to strengthen Kiaro’s technology-forward approach. As part of the Transaction, members of the Cozy Cannabis executive team will provide transitional services to support the continued growth of both the existing eCommerce platform and the newly acquired consumption accessory eCommerce sites.
- **Executes on the plan of revenue and EBITDA growth through acquisition:** The portfolio is expected to add to Kiaro’s cash generating cannabis retail assets while providing additional high margin revenue streams.

In connection with the Transaction, Kiaro is excited to announce that Christian Sculthorp, founder and CEO of Cozy Cannabis, will join the Kiaro team as Director of eCommerce for a minimum period of six months. Mr. Sculthorp will oversee the integration of the eCommerce sites into the Company and will use his expertise and entrepreneurial drive to expand Kiaro’s global digital footprint.

Daniel Petrov, Chief Executive Officer of Kiaro stated, “Omni-channel excellence has always been a focus for Kiaro with one of the first private regulated cannabis eCommerce sites in the country. With this acquisition, Kiaro adds international exposure and operational expertise with a high margin consumption accessory e-Commerce portfolio.”

Eleanor Lynch, Kiaro’s Chief Operating Officer, adds “I’m excited to be back in my home province of Ontario serving the historic neighborhood of Trinity Bellwoods with our first Ontario location. The Kiaro team is ready to scale our successful model nationally by growing our footprint of brick and mortar retail stores, and leveraging our success of same store revenue growth seen in this years last fiscal quarter of 78%.”

The Transaction is subject to the final approval of the TSX Venture Exchange.

Kiaro Holdings Corp.

Based in Vancouver, British Columbia, Kiaro is an independent, omni-channel cannabis retailer and distributor. Through existing storefronts across British Columbia, Saskatchewan and Ontario, a wholesale distribution division servicing Saskatchewan, ecommerce sites in Canada, the US and Australia, and plans for continued national expansion, Kiaro is driven to introduce new and experienced consumers to a lifelong exploration of cannabis. With more than 50 years of collective retail-focused experience, Kiaro’s leadership team has a proven track record of

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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: completion of the Transaction and regulatory approval, proposed retail expansion plans and management’s ability to execute on same, overall growth of the Canadian cannabis market and retail opportunities, the integration and financial projections of digital portfolio, legalization and the timing thereof of cannabis related laws in foreign jurisdictions, the award of new operating permits and licenses in various jurisdictions, and the timing and amount of any dispositions of the Company’s common shares. 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 the 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.

For more information, visit: www.kiaro.com

Daniel Petrov
Chief Executive Officer
investors@kiaro.com
1-888-623-2420

Investor Related Inquiries:
investors@kiaro.com
1-888-623-2420