

Kiaro Acquires Hemisphere Cannabis and Adds 7 Retail and 2 Development Locations in Ontario To Become a Prominent National Cannabis Retailer with Forecasted Annual Revenues of \$42.7 Million

Vancouver, British Columbia – July 13, 2021 – Kiaro Holdings Corp. (TSXV: KO) (“Kiaro” or the “Company”), a national omni-channel cannabis retailer and wholesale distributor, is pleased to announce that the Company has entered into a definitive agreement with Aegis Brands Inc. (“Aegis”) to acquire all the issued and outstanding shares of its subsidiary, 2734524 Ontario Inc. (dba Hemisphere Cannabis Co, “Hemisphere”), which currently operates 7 excellent retail locations in Ontario (the “Existing Locations”) and two more locations in development (the “Transaction”). Completion of the Transaction will more than double Kiaro’s retail footprint and give it a significant presence in the Ontario retail cannabis market.

The total initial purchase price in connection with the Transaction will be settled by the issuance of 61,300,000 common shares of Kiaro (“Kiaro Shares”) and warrants of Kiaro (the “Kiaro Warrants”) to acquire up to additional 6,700,000 Kiaro Shares, subject to customary adjustments. Aegis shall also be entitled to receive a further 6,700,000 Kiaro Shares on achievement of certain commercial milestones within the first year following closing.

KEY TRANSACTION HIGHLIGHTS INCLUDES NEW EXPECTED REVENUE RUN RATE OF \$42.7 MILLION

- **Substantial increase in Kiaro’s retail network:** The Transaction provides Kiaro with new revenue from 7 open and operational stores with 2 more Retail Store Authorizations in process. As a result, we expect Kiaro’s annual run rate revenue to increase to \$42.7M with a gross margin of \$13.7M immediately following closing.
- **Amplifies Kiaro’s strategic entry into Ontario:** With multiple locations in diverse municipalities in Ontario, the Transaction will allow Kiaro to establish a significant presence in the Ontario cannabis retail market.
- **Executes on the plan of revenue and EBITDA growth through acquisition:** The portfolio adds to Kiaro’s cash generating assets while providing expected additional high margin revenue streams.

In connection with the Transaction, Kiaro is excited to announce that Jenn Juby, Vice President of Retail at Hemisphere, will join the Kiaro team in the same capacity. Ms. Juby will contribute to the integration of the new stores into the Company and will use her expertise to continue the implementation of Kiaro’s retail experience.

Daniel Petrov, Chief Executive Officer of Kiaro stated, “The acquisition of Hemisphere is simply transformational. I expect this transaction will be significantly accretive for shareholders as we push forward towards \$50M in target revenue. It brings up to 18 stores into operation by the end of the fiscal year and cements a strategic partnership with retail industry titans at Aegis Brands. Their team has assembled a superior Ontario portfolio of well-positioned brick and mortar locations, supporting our objective of exponential revenue and EBITDA growth.”

“The retail cannabis space is changing rapidly in Canada. We recognize the need for scale and focus to ensure success in this sector. As such we are thrilled to forge a partnership with Kiaro to build a cannabis retailer with a prominent nationwide presence and a clear path to \$50 million in annual revenue,” said Steven Pelton, President and CEO of Aegis Brands. “The strategic alignment between two likeminded Canadian brands will serve to elevate the customer experience, while bolstering growth and profitability in the combined company,” said Pelton.

Transaction Details

The Transaction is subject to applicable regulatory approvals including, but not limited to, the Alcohol and Gaming Commission of Ontario and TSX Venture Exchange approval and the satisfaction of certain other closing conditions customary in transactions of this nature.

It is anticipated that, subject to receipt of all regulatory and other applicable approvals, the Transaction is expected to complete in September 2021.

This press release is available on the [Kiaro Verified Forum On AGORACOM](#) for shareholder discussion and management engagement

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 growing retail brands across North America and plans to open multiple retail locations nationwide over the coming years.

Aegis Brands Inc.

Aegis Brands Inc. owns and operates a portfolio of brands currently consisting of Bridgehead and Hemisphere Cannabis Co. For more information, please visit www.aegisbrands.ca or find the Company on Facebook and Twitter. Erin Richards, (416) 627-5728, erin@hypepr.ca

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 and other applicable approvals, 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 combined retail portfolio, 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: investors.kiaro.com

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