

Kiaro Closes Acquisition Of Hemisphere Cannabis and Forecasts Projected Annual Revenue Of \$42.7 Million With Gross Profit Of \$13.7 Million From 16 Stores

Vancouver, British Columbia – September 27, 2021 – Kiaro Holdings Corp. (TSXV: KO) (“Kiaro” or the “Company”), a national omni-channel cannabis retailer and wholesale distributor, is pleased to announce that further to its news release dated July 13, 2021, the Company completed a transaction (the “Transaction”) with Aegis Brands Inc. (“Aegis”) to acquire all the issued and outstanding shares of its subsidiary, 2734524 Ontario Inc. (dba Hemisphere Cannabis Co. or “Hemisphere”), which comprises a portfolio of 7 excellent retail locations in Ontario (the “Existing Locations”) and two more locations subject to potential future development.

In connection with the Transaction, Kiaro issued to Aegis an aggregate of 61,300,000 common shares of Kiaro (“Kiaro Shares”) and 6,700,000 common share purchase warrants, with each warrant exercisable to acquire one additional Kiaro Share at an exercise price of \$0.16, subject to customary adjustments. Aegis is also entitled to receive a further 6,700,000 Kiaro Shares on achievement of certain commercial milestones concerning the Existing Locations within the first year following the closing of the Transaction. As part of the purchase price paid to Aegis, Kiaro also issued to Aegis a secured, non-interest bearing and non-convertible promissory note in the amount of \$104,628.90, which is secured against the assets of Kiaro, and is repayable on or before September 24, 2022. Concurrent with the closing of the Transaction and pursuant to the share purchase agreement dated July 12, 2021, Steve Pelton has been appointed as a director of the Company.

KEY TRANSACTION HIGHLIGHTS INCLUDES NEW FORECASTED ANNUAL REVENUE OF \$42.7 MILLION

The completion of the Transaction has doubled Kiaro’s retail footprint and allows Kiaro to strategically establish a significant presence in the Ontario cannabis retail market. Combined with Kiaro’s existing cannabis retail portfolio (6 in BC, 2 in Saskatchewan, 1 in Ontario) Kiaro now owns 16 licensed cannabis retail stores. The Hemisphere portfolio adds to Kiaro’s cash generating assets while providing the scale to achieve EBITDA positive returns in the next 12 months.

As a result, the Company expects annual forecasted revenue to increase to \$42.7M with a gross margin of \$13.7M immediately following closing. Moreover, after the opening of Kiaro’s Kelowna location and the 2 Hemisphere potential development locations, the operational footprint will climb to up to 18 stores.

“The closing of this transaction is monumental for Kiaro. So far this fiscal year, we have more than doubled our retail footprint, from 7 stores in February to 16 stores today. The continued increase in our retail footprint to a potential of 18 stores by the end of the fiscal year will be beneficial for shareholders as we drive towards \$50M in target revenue. Kiaro’s past operational successes combined with our objective of exponential revenue and EBITDA growth demonstrate our performance advantage within the Cannabis Industry” stated Daniel Petrov, Chief Executive Officer of Kiaro.

“The management at Kiaro are best in class when it comes to retail professionals. We are happy to have our locations and our investment joined forces with a well positioned company like Kiaro” said Steven Pelton, President and CEO of Aegis Brands Inc.

Haywood Securities acted as financial advisor to Kiaro Holdings Corp. with respect to the Transaction. Kronos Capital Partners acted as financial advisor to Aegis Brands Inc with respect to the Transaction. MLT Aikens LLP acted as legal advisor to Kiaro Holdings Corp. Goodmans LLP acted as legal advisor to Aegis Brands Inc.

Transaction Approvals

The Transaction has largely received all necessary regulatory approvals with only certain customary post-closing deliverables required to applicable regulators.

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, Ontario and with the completion of the recent acquisition of Hemisphere Cannabis from Aegis Brands, Kiaro has 16 stores in operation and another two expected by Q1 of 2022. This is in addition to 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 70 years of collective retail and

wholesale focused experience, Kiaro's leadership team has a proven track record of growing 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 including Bridgehead Coffee. 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.

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