

# Aegis Brands Inc. Closes Sale of Hemisphere to Kiaro, Holds 25 Per Cent of Kiaro's Common Shares

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NEWS PROVIDED BY

**Aegis Brands Inc.**

Sep 27, 2021, 08:00 ET

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TORONTO, Sept. 27, 2021 /CNW/ - Aegis Brands Inc. (TSX: [AEG](#)) ("Aegis") is pleased to announce the completed transaction (the "Transaction") with Kiaro Holdings Corp. (TSXV: [KO](#)) ("Kiaro"), a national cannabis retailer and wholesale distributor, acquiring all the issued and outstanding shares of Aegis' subsidiary, 2734524 Ontario Inc. (dba Hemisphere Cannabis Co. or "Hemisphere"), which comprises a portfolio of seven retail locations in Ontario and two more locations subject to potential future development.

In consideration for 100% of Hemisphere's common shares, Kiaro issued to Aegis 61,300,000 common shares of Kiaro (the "Kiaro Shares"), having an aggregate value of \$6.13 million based on the closing price of the Kiaro Shares on September 24, 2021, and 6,700,000 common share purchase warrants, with each warrant exercisable for 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 seven locations within the first year following the closing of the transaction.

## **AEGIS HOLDS 25 PER CENT OF KIARO'S COMMON SHARES**

The 61,300,000 Kiaro Shares issued to Aegis at closing represent approximately 25% of the Kiaro Shares, and Aegis is now Kiaro's largest shareholder. Prior to the closing of the sale transaction, Aegis held no Kiaro Shares. Further, Aegis' CEO Steven Pelton has joined the Kiaro board of directors.

A copy of the early warning report with additional information in respect of the foregoing will be available on SEDAR at [www.sedar.com](http://www.sedar.com) and from Melinda Lee at [investors@aegisbrands.ca](mailto:investors@aegisbrands.ca).

## **THE FUTURE OF AEGIS**

With the completed Hemisphere transaction and the sale of Second Cup in April, the next chapter of Aegis' transformation is underway. As North America starts to return to pre-pandemic activities, Aegis is eager to expand its presence in the food and beverage sector through acquisitions and partnerships with great brands across North America.

"The completed transaction of Hemisphere means that Aegis can remain focused on acquisition and growth in the food and beverage space. We will partner with incredible brands and management teams to innovate, reposition and expand in this industry," said Steven Pelton, President and CEO of Aegis Brands Inc. "We know that the team at Kiaro will use their cannabis industry expertise to successfully grow the business in a highly competitive market."

Consumers are enthusiastically returning to food service locations following a period of household savings and fewer food service options from which to choose. This return of consumers to food service locations has the potential to create a profitable environment for the operators in the space and highlights Aegis' opportunity to consolidate great restaurant companies and the entrepreneurs behind them.

Additionally, the sale of Hemisphere to Kiaro enables Aegis to increase its focus on the growth of its Bridgehead Coffee brand and execute its wholesale, e-commerce, and new Coffeehouse strategies. The sale transaction also enables Aegis to retain an investment in retail cannabis, and is a positive step toward optimizing value in its cannabis business.

"The closing of the transaction is a significant moment for Kiaro. 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. "We would like to thank Aegis for its partnership and are eager to see its transformation within the food and beverage space."

### **Aegis Brands Inc.**

Aegis Brands Inc. currently owns and operates Bridgehead Coffee. The company's vision is to build a portfolio of amazing brands that can grow and flourish with access to our resources and expertise. The company is committed to letting each brand operate independently while providing shared expertise to help them thrive. For more information, please visit [aegisbrands.ca](http://aegisbrands.ca).

Aegis' head office is located at 210 Shields Court, Markham, Ontario, L3R 8V2.

### **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.

Kiaro's head office is located at 300-110 East Cordova Street, Vancouver, British Columbia, V6A 1K9.

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

### **Forward-Looking Information**

*This news release contains forward-looking statements with respect to Aegis and Kiaro and their subsidiaries, including statements regarding the nature of Aegis' growth strategy, Aegis' execution on its potential growth plans, the achievement of certain commercial milestones, potential future growth of Kiaro's revenue and profitability, Kiaro's expectations regarding the achievement of exponential revenue and EBITDA growth, the return of consumers to food service locations and the profitable food service environment.*

*These statements are based on current expectations, are provided in reliance on certain assumptions that it believes are reasonable at this time, and are subject to known and unknown risks, uncertainties and other factors (including risks related to Aegis' growth strategy; risks related to the COVID-19 pandemic; risks relating to the ability of Kiaro to successfully integrate Hemisphere and risks related to realizing the expected synergies and revenue and EBITA growth; and other risks inherent in the industry in which Aegis and Kiaro operate) which may cause the actual results, performance or achievements of Aegis and Kiaro and their subsidiaries*

*to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.*

*Aegis is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.*

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SOURCE Aegis Brands Inc.

For further information: Melinda Lee, Aegis Brands Inc., [investors@aegisbrands.ca](mailto:investors@aegisbrands.ca); Lena Knight, Agnostic Inc., [Lknight@thinkagnostic.com](mailto:Lknight@thinkagnostic.com), 7202153