

AEGIS BRANDS INC.

-AND-

2734524 ONTARIO INC.

-AND-

KIARO BRANDS INC.

-AND-

KIARO HOLDINGS CORPORATION

SHARE PURCHASE AGREEMENT

DATED JULY 12, 2021

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THIS AGREEMENT dated July 12, 2021

AMONG: **AEGIS BRANDS INC.** (the “Vendor”)
AND: **2734524 ONTARIO INC.** (the “Corporation”)
AND: **KIARO BRANDS INC.** (“KBI”)
AND: **KIARO HOLDINGS CORPORATION** (“Kiaro”)

RECITALS:

1. The Vendor owns all of the issued and outstanding shares in the capital of the Corporation, a corporation incorporated under the laws of Ontario.
2. Kiaro wishes to purchase, and the Vendor wishes to sell all of the issued and outstanding shares in the capital of the Corporation, upon and subject to the terms and conditions set forth herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties hereto covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement:

“**Action**” means any claim, action, arbitration, mediation, audit, hearing, investigation, proceeding, litigation or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or mediator;

“**Adjustment Date**” means the fifth Business Day after the later of Closing Working Capital and Closing Debt is finally determined in accordance with Section 2.6(a);

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with that other Person. For purposes of this definition and the definition of “Subsidiaries”, a Person “controls” another Person if that Person possesses, directly or indirectly, the power to direct the management and policies of that other Person, whether through ownership of voting securities, by contract or otherwise and “controlled by” and “under common control with” have similar meanings;

“AGCO” means Alcohol and Gaming Commission of Ontario;

“AGCO Approval” means any approval of, or notice to, the AGCO required to be obtained or delivered (as applicable) by the Corporation in order to consummate the transactions contemplated by this Agreement;

“Agreement” means this share purchase agreement;

“Applicable Laws” means any and all applicable laws, statutes, rules, regulations, ordinances, codes, guidelines, policies, advisories, notices, treaties, directions, requirements and Orders of any Governmental Authority;

“Balance Sheet Date” has the meaning specified in the definition of “Corporation’s Interim Financial Statements”;

“Books and Records” means the books and records of the Corporation, including financial, corporate, operations and sales books, records, lists of clients and suppliers, books of account, sales and purchase records, sales and inventory data, equipment maintenance data, sales promotional data, advertising materials, cost and pricing information, accounting records, business reports, plans and projections, Tax Returns and all other documents, surveys, plans, files, records, correspondence, and other data and information, financial or otherwise, including all data and information stored on computer-related or other electronic media and technical records (both current and historical);

“Business” means the business carried on by the Corporation displaying, selling and offering for sale cannabis and cannabis related products through retail locations operating under the name “Hemisphere Cannabis Co.”;

“Business Day” means any day except Saturday, Sunday, or any statutory holiday in the Province of British Columbia or the Province of Ontario;

“Calculations” has the meaning specified in Section 2.5(b);

“Cannabis Act” means the *Cannabis Act*, S.C. 2018, c. 16, together with the regulations promulgated thereunder, each as amended from time to time;

“CASL” means *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the*

Telecommunications Act, SC 2010, c 23, or any successor thereof as amended from time to time, and includes any regulations and practice guidelines issued by any Governmental Authority in respect thereof and any other Applicable Laws governing spam or electronic communications, as applicable;

“Claim” means any claim, demand, formal written complaint, assessment or reassessment, charge, administrative monetary penalty or Legal Proceeding;

“Closing” means the completion of the purchase and sale of the Purchased Shares in accordance with this Agreement;

“Closing Date” means two (2) Business Days after the last of the conditions to Closing set forth in Article 5 has been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or such other date as may be agreed to in writing by KBI and the Vendor;

“Closing Debt” has the meaning specified in Section 2.5(a)(ii);

“Closing Document” means any agreement, certificate or other instrument to be executed or delivered at Closing as required pursuant to Section 5.1 or Section 5.2, as applicable;

“Closing Time” means 10:00 a.m. in the City of Toronto, Ontario on the Closing Date or such other time on the Closing Date as KBI and the Vendor may agree that the Closing will take place;

“Closing Working Capital” has the meaning specified in Section 2.5(a)(i);

“Collective Agreement” means any agreement, letter of understanding, letter of intent or other written communication with any trade union or employee association that contains the terms and conditions of employment of any of the Employees and imposes obligations on the Corporation;

“Confidential Information” means all trade secrets, know-how and other confidential or proprietary information and data of or relating to the Corporation or the Business;

“Confidentiality Agreement” means the confidentiality and non-disclosure agreement dated January 14, 2021 between the Vendor and Kiaro;

“Consent” means: (i) any notice required to be given to any Person, other than any Governmental Authority; and (ii) any approval, consent, permit, waiver, ruling or exemption required to be obtained from any Person other than a Governmental Authority;

“Contract” means any oral or written contract, agreement, instrument or other commitment to which the Corporation is a party or is otherwise legally bound;

“Corporation Interested Person” means any officer, director or shareholder of the Corporation or any Person with which the Corporation does not deal at arm’s length within the meaning of the Tax Act;

“Corporation’s Annual Financial Statements” means the balance sheet and income statement of the Corporation as at and for the fiscal year ended December 26, 2020;

“Corporation’s Financial Statements” means the Corporation’s Annual Financial Statements and the Corporation’s Interim Financial Statements;

“Corporation’s Interim Financial Statements” means the balance sheet and income statement of the Corporation as at and for the fiscal year ended March 27, 2021 (such date, the **“Balance Sheet Date”**);

“Corporation’s Intellectual and Industrial Property” means any Intellectual and Industrial Property used, in whole or in part, by the Corporation that is necessary to conduct the Business in a reasonable and prudent manner, whether or not that Intellectual and Industrial Property is registered;

“COVID-19” means the novel coronavirus disease, also known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), and each strain thereof;

“Damages” means, whether involving a Direct Claim or Third Party Claim, any and all damages, losses, Liabilities, interest, fines, penalties or assessments and any judgments or settlements relating thereto, including any reasonable professional fees and reasonable costs incurred in investigating, defending or pursuing any of the foregoing or any proceeding relating to the foregoing, excluding punitive, exemplary, consequential or special damages, except to the extent awarded by a court of competent jurisdiction in connection with a Third Party Claim;

“Debt Instrument” means any bond, debenture, promissory note, trust indenture, loan agreement or other agreement or document evidencing Indebtedness and includes any agreement or instrument granting a security interest in any of the property, assets or undertaking of the Corporation to secure the obligations of the Corporation under any of the foregoing;

“Direct Claim” means any matter, event or circumstance that is not a Third Party Claim, which entitles an Indemnified Party to make a Claim for indemnification under Article 8 of this Agreement;

“Disclosure Letter” means the Vendor’s disclosure letter, dated as of the date of this Agreement, delivered by the Vendor to KBI and Kiara contemporaneously with the execution and delivery of this Agreement and includes the Schedules thereto, unless the context requires otherwise;

“Employee” means an individual who is employed by the Corporation, whether on a full-time or part-time basis, including those individuals employed on a temporary basis, on disability leave, maternity leave, parental leave, compassionate care leave or other approved leave or approved or unapproved absence;

“Employee Benefit Plans” means all compensation, bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, vacation pay, sick leave, hospitalization or other medical, health and welfare benefits, disability, life or other insurance, health insurance premiums, flexible work policies, maternity or parental leave, supplemental employment insurance plan, profit-sharing, employee assistance, pension, retirement or supplemental retirement benefit plans, arrangements or agreements, and all other similar employee benefit plans, arrangements or agreements, that are maintained by the Corporation for the benefit of any of the Employees or former employees of the Corporation or any beneficiaries of any of them, except that the term **“Employee Benefit Plans”** does not include any statutory plan with which the Corporation is required to comply, including the Canada Pension Plan or any plan administered under applicable federal or provincial health, tax, workers’ compensation, workers’ safety and insurance and employment insurance legislation;

“Environmental Law” means any Applicable Laws relating to environmental contamination, exposure to Hazardous Materials, the protection of the environment or the protection of human health and safety as it relates to the environment, but in each case, excluding any Applicable Laws relating to product liability;

“Equipment Lease(s)” means lease(s) of personal property to which the Corporation is a party or under which it is legally bound;

“Extended Other Location Debt” means any amounts loaned or otherwise advanced by the Vendor in respect of the construction or build-out of one or both of the Other Locations that would have constituted Permitted Debt but for the fact that Kiara elects not to repay such amounts to the Vendor at Closing;

“Fundamental Representations” means each of the representations and warranties in Sections 3.1.1 [*Incorporation and Qualification*], 3.1.2 [*No Solvency or Reorganization Proceedings*], 3.1.3 [*Authorized and Issued Capital*], 3.1.4 [*No Other Agreements or Options*], 3.1.5(a) [*No Conflicts*], 3.1.6 [*Required Regulatory Approvals*], 3.2.1 [*Incorporation and*

Qualification], 3.2.2 [Authorization], 3.2.3 [Validity of Agreement], 3.2.4 [Kiaro Consideration Shares], 3.2.5 [No Insolvency or Reorganization Proceedings], 3.2.6 [Authorized and Issued Capital], 3.2.7 [No Other Agreements or Options] and 3.2.8(a) [No Conflicts];

“Governmental Authority” means any federal, provincial, state, territorial, municipal, local or other government in Canada or any other country having jurisdiction over the Corporation, the Business or any Party, including any public ministry, department, agency, commission, board, bureau, Tribunal, stock exchange or securities commission or other law or regulation-making entity;

“Gross-Up Factor” means the sum of one (1) plus the quotient of (i) the number of Kiaro Shares held by the Vendor, divided by (ii) the number of Kiaro Shares held by the Kiaro Shareholders other than the Vendor at the applicable time;

“Guarantee” means any Contract providing for a guarantee with respect to the Liabilities or other obligations of any Person;

“Hazardous Material” means any pollutants, contaminants, hazardous waste or other noxious substance that is regulated, prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under any Environmental Law;

“IFRS” means International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board from time to time;

“Indebtedness” means with respect to any Person, without duplication, any of the following: (a) any indebtedness for borrowed money; (b) any obligations evidenced by bonds, debentures, notes or other similar instruments; (c) any obligations to pay the deferred purchase price of property or services; (d) any indebtedness created or arising under any conditional sale or other title retention agreement with respect to acquired property; (e) any obligations, contingent or otherwise, under acceptance credit, letters of credit or similar facilities; (f) any other obligation that in accordance with IFRS is required to be classified and accounted for as debt on the balance sheet of such Person; and (g) obligations under any Guarantee, provided that Indebtedness shall exclude Permitted Debt;

“Indemnified Party” means a Person whom the Vendor or KBI or Kiaro (or both of them), as the case may be, is required to indemnify under Article 8;

“Indemnifier” means, in relation to an Indemnified Party, any Party that is required to indemnify such Indemnified Party under Article 8;

“Independent Accountant” has the meaning specified in Section 2.6(a);

“Information” means all information regarding Kiaro and its Subsidiaries (or their respective predecessors) which has been publicly filed by or on behalf of Kiaro on Kiaro’s SEDAR profile at www.sedar.com since October 13, 2020;

“Intellectual and Industrial Property” means tangible or intangible property in which Intellectual and Industrial Property Rights subsist and/or that is subject to Intellectual and Industrial Property Rights;

“Intellectual and Industrial Property Rights” means: (i) proprietary rights provided under patent law, copyright law, trademark law, design patent or industrial design law, semiconductor chip or mask work law, trade secret law, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property and the goodwill associated therewith and symbolized thereby; and (ii) applications, registrations or any other evidence of a right in any of the foregoing;

“Interim Period” means the period from and including the time of the execution of this Agreement to the earlier of: (i) the Closing Time; and (ii) the early termination of this Agreement in accordance with its terms;

“Inventory” means all inventories of cannabis, cannabis accessories and ancillary products related to the sale of cannabis of the Corporation, wherever located, determined on a gross basis in accordance with IFRS consistently applied, but excluding for certainty, any cannabis or cannabis accessories that do not comply with the Cannabis Act, including because any cannabis accessories that impart a characterizing flavor to cannabis, could be appealing to young persons, or depict a person, character or animal, whether real or fictional. For purposes of this definition, the terms “cannabis” and “cannabis accessories” shall have the meanings specified in the Cannabis Act;

“Initial Kiaro Consideration Shares” means 61,300,000 Kiaro Shares issued from treasury;

“Investor Rights Agreement” means the investor rights agreement between the Vendor and Kiaro, in the form set forth in [Exhibit A](#);

“Issuance Price” means \$0.1289, which shall be equal to the five (5)-day volume weighted average price of the Kiaro Shares on the TSXV immediately prior to the execution of this Agreement;

“Kiaro” has the meaning specified in the recitals;

“Kiaro Disclosure Letter” means the disclosure letter, dated as of the date of this Agreement, delivered by KBI to the Vendor contemporaneously with the execution and delivery of this Agreement and includes the Schedules thereto, unless the context requires otherwise;

“Kiaro Indemnified Parties” means Kiaro, KBI and each of their respective Affiliates (including, following the Closing, the Corporation) and their respective directors, officers, agents and employees, including their respective successors and assigns, heirs and legal representatives, as applicable but, notwithstanding anything herein, does not mean or include the Vendor;

“Kiaro Interested Person” means any officer, director or shareholder of Kiaro or KBI or any Person with which Kiaro or KBI does not deal at arm’s length within the meaning of the Tax Act;

“Kiaro Circular” means the notice of the Kiaro Shareholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Kiaro Shareholders in connection with the Kiaro Shareholder Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement;

“Kiaro Consideration Shares” means, collectively, the Initial Kiaro Consideration Shares, the Kiaro Milestone Shares and the Kiaro Warrant Shares;

“Kiaro Material Adverse Effect” means any effect, event, result, occurrence, state of facts, development or change that is, or would reasonably be expected to be, material and adverse to: (i) any of the Kiaro Consideration Shares; (ii) the business or the assets, operations, results of operations, cash flows, properties, Liabilities, affairs or condition (financial or otherwise) of Kiaro and its Subsidiaries (taken as a whole); or (iii) the ability of Kiaro or KBI to consummate the transactions contemplated by this Agreement, except in each case to the extent that the material adverse effect results from or is caused by (a) worldwide, national or local economic, political or regulatory conditions, including war, pandemic (including COVID-19), armed hostilities, acts of terrorism, emergencies, crises and natural disasters, (b) any change in the markets or industry in which Kiaro and its Subsidiaries operate, (c) any change in currency exchange, interest or inflation rates, (d) any change in Applicable Laws, (e) any adoption, proposal, implementation or change in applicable generally accepted accounting principles, including IFRS, (f) the entering into and/or the announcement of this Agreement and the transactions contemplated by it, (g) any act or omission of Kiaro or KBI prior to the Closing Date taken with the prior written consent or at the written request of the Vendor or the Corporation, (h) any act or omission of the Vendor, or actions approved or consented to by the Vendor or the Corporation, (i) any failure of the business of Kiaro and its Subsidiaries to meet any internal projections of revenues, contribution or other performance measures or operating statistics, (j) any action expressly required or permitted to be taken pursuant

to this Agreement, or (k) any matter which has been publicly disclosed or communicated in writing to the Vendor or the Corporation as of the date hereof, including those matters set out in the Kiaro Disclosure Letter; provided, however, that any of the clauses (a) to (e), shall not apply to the extent that any of the changes, effects, events or occurrences therein disproportionately adversely affect Kiaro and/or its Subsidiaries in comparison to other Persons who operate in the same industry in which the Kiaro and its Subsidiaries primarily operate;

“Kiaro Milestone Shares” means 6,700,000 Kiaro Shares issued from treasury;

“Kiaro Shareholder Meeting” means the special meeting of Kiaro Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the terms of this Agreement to consider and, if deemed advisable, approve the Kiaro Shareholder Resolution and for any other proper purpose as may be set out in the Kiaro Circular and agreed to in writing by the Vendor, acting reasonably;

“Kiaro Shareholder Resolution” means the special resolution of the Kiaro Shareholders to be considered at the Kiaro Shareholder Meeting approving the issuance of the Kiaro Consideration Shares in accordance with the terms of this Agreement;

“Kiaro Shareholders” means the registered and/or beneficial holders of Kiaro shares, as the context requires;

“Kiaro Shares” means common shares in the capital of Kiaro;

“Kiaro Warrant Certificate” means the certificate representing the Kiaro Warrants, in the form set forth in Exhibit B;

“Kiaro Warrant Exercise Price” means \$0.16;

“Kiaro Warrant Expiry Time” means the expiry time of the Kiaro Warrants, as set forth in the Kiaro Warrant Certificate, which will be 5:00 p.m. (Vancouver time) on the date that is 36 months from the Closing Date;

“Kiaro Warrant Shares” means Kiaro Shares issuable pursuant to the terms of the Kiaro Warrants issued from treasury;

“Kiaro Warrants” means the common share purchase warrants of Kiaro, each exercisable for the purchase of one Kiaro Share at the Kiaro Warrant Exercise Price until the Kiaro Warrant Expiry Time, as provided in the Kiaro Warrant Certificate;

“Landlords” means each of the respective landlords to the Leases and Leased Property;

“Leased Property” means the premises that the Corporation leases, uses and/or occupies pursuant to the Leases, and the interests thereof in all buildings, structures, fixtures, erections, improvements, easements, rights-of-way, spur tracks and other appurtenances situated on or forming part of those premises (whether by way of lease, sublease, offer to lease, agreement to lease or assumption of lease), including the Milestone Locations, set out in Schedule 3.1.24 of the Disclosure Letter;

“Leases” means all leases, subleases, agreements or other rights of occupancy pursuant to which the Corporation leases, uses or occupies any real property;

“Legal Proceeding” means any litigation, action, suit, petition, hearing, arbitration proceeding or other proceeding, whether administrative, civil or criminal, in law, by statute or in equity, or before any Tribunal and includes any appeal or review and any application for same;

“Liabilities” means any liabilities, claims, demands, obligations, debts or other forms of Indebtedness of the Corporation, owing or owed, whether known or unknown, present or future, or absolute or contingent;

“License” means any license, permit, approval, authorization, delegation of authority, certificate or registration granted by any Governmental Authority, including a Retail Operator Licence and a Retail Store Authorization;

“Licensed IP” has the meaning specified in Section 3.1.27(a);

“Lien” means any lien, mortgage, charge, pledge, hypothec, security interest, title retention agreement, easement, right of way or other similar encumbrance;

“Locations” means, collectively, the Milestone Locations and the Other Locations;

“LOI” means the non-binding indication of interest dated May 14, 2021 between Kiaro and the Vendor in respect of the transactions contemplated hereby, as amended;

“Material Adverse Effect” means any effect, event, result, occurrence, state of facts, development or change that is, or would reasonably be expected to be, material and adverse to: (i) any of the Purchased Shares; (ii) the Business or the assets, operations, results of operations, cash flows, properties, Liabilities, affairs or condition (financial or otherwise) of the Corporation; or (iii) the ability of the Vendor to consummate the transactions contemplated by this Agreement, except in each case to the extent that the material adverse effect results from or is caused by (a) worldwide, national or local economic, political or regulatory conditions, including war, pandemic (including COVID-19), armed hostilities, acts of terrorism, emergencies, crises and natural disasters, (b) any

change in the markets or industry in which the Business operates, (c) any change in currency exchange, interest or inflation rates, (d) any change in Applicable Laws, (e) any adoption, proposal, implementation or change in applicable generally accepted accounting principles, including IFRS, (f) the entering into and/or the announcement of this Agreement and the transactions contemplated by it, (g) any act or omission of the Vendor prior to the Closing Date taken with the prior written consent or at the written request of Kiaro or KBI, (h) any act or omission of Kiaro or KBI, or actions approved or consented to by Kiaro or KBI, (i) any failure of the Business to meet any internal projections of revenues, contribution or other performance measures or operating statistics, (j) any action expressly required or permitted to be taken pursuant to this Agreement, or (k) any matter which has been publicly disclosed or communicated in writing to Kiaro or KBI as of the date hereof, including those matters set out in the Disclosure Letter; provided, however, that any of the clauses (a) to (e), shall not apply to the extent that any of the changes, effects, events or occurrences therein disproportionately adversely affect the Corporation or the Business in comparison to other Persons who operate in the same industry in which the Corporation or the Business primarily operates;

“Material Contracts” has the meaning specified in Section 3.1.26(a);

“Milestone Date” means the date that is 12 months following the Closing Date;

“Milestone Event” has the meaning specified in Section 2.8(a);

“Milestone Locations” means, collectively, (i) 65 Front Street East, Toronto, ON M5E 1B5; (ii) 518 Eglinton Avenue West, Toronto, ON M5N 1A5; (iii) 700 King Street, Toronto, ON M5V 2Y6; (iv) 1703 Avenue Road, Toronto, ON M5M 3Y3; (v) 171 Rideau Street, Ottawa, ON K1N 3P1; (vi) 3838 Innes Road, Orleans, ON K1W 0C8; and (vii) 955 Westney Road, Ajax, ON L1S 3K7;

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made;

“Non-Competition and Non-Solicitation Agreement” has the meaning specified in Section 5.1.2(d);

“Notice of Acceptance” has the meaning specified in Section 2.6(a);

“Notice of Objection” has the meaning specified in Section 2.6(a);

“Order” means any order, directive, judgment, decree, award, injunction, ruling, assessment, stipulation, determination or writ of any Tribunal;

“Other Locations” means, collectively, (i) 89 Jim Kimmett Blvd, Napanee, ON K7R 3L1, and (ii) 464 Dundas St. E., Belleville, ON K8N 1E9;

“Other Location Note” has the meaning specified in Section 2.3(a)(v);

“Owned IP” has the meaning specified in Section 3.1.27(a);

“Parties” means each of the Vendor, the Corporation, KBI and Kiaro, and **“Party”** means any one of them or a particular one of them, as the context requires;

“Permitted Debt” means any amounts loaned or otherwise advanced by the Vendor, that have been approved in writing by Kiaro, to the Corporation during the period commencing on the date of the LOI and ending on the Closing Date, for capital expenditures with respect to the construction or build-out of the Locations, as applicable but excluding any Extended Other Location Debt;

“Permitted Liens” means:

- (i) Liens for Taxes, special assessments or other governmental charges and utilities which are not yet due or in arrears;
- (ii) statutory liens and deposits or pledges made in connection with, or to secure payment of, worker's compensation, employment insurance, Canada Pension Plan and Québec Pension Plan programs mandated under Applicable Law and for which appropriate accruals have been established;
- (iii) easements, encroachments and other minor imperfections of title which relate to real property and which do not materially interfere with or affect the value or operation of the Business as currently conducted;
- (iv) all permits, servitudes and easements (including conservation easements and public trust easements, rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licences, other surface agreements and other matters of record) and zoning by-laws and restrictions, ordinances and other restrictions as to the use of real property provided that they are not of such a nature as to materially interfere with or affect the value or operation of the Business as currently conducted;
- (v) construction, mechanics', carriers', workers', repairers', storers' or other similar Liens that arose or were incurred in the ordinary course of business and are related to obligations not yet due or in arrears;

- (vi) any reservations or exceptions contained in or implied by statute in the original dispositions from the Crown and grants made by the Crown of any land or interest reserved therein;
- (vii) security given in the ordinary course of business to a public utility or any municipality or governmental or public authority in connection with the operation of the Business or the Leased Property; and
- (viii) the Liens listed or described in Schedule 1.1A to the Disclosure Letter;

“Person” includes any individual, body corporate, unlimited liability company, limited liability corporation, partnership, limited liability partnership, sole proprietorship, firm, joint stock company, joint venture, trust, unincorporated association, unincorporated organization, syndicate, Governmental Authority and any other entity or organization of any nature whatsoever;

“Personal Information” means information about an identifiable individual as defined in Privacy Laws;

“Post-Closing Adjustment Amount” has the meaning specified in Section 2.7(a);

“Post-Closing Adjustment Amount Dispute Expenses” has the meaning specified in Section 2.6(a);

“Pre-Closing Returns” has the meaning specified in Section 4.3.4;

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any comparable Applicable Laws of any province or territory of Canada;

“Purchase Price” has the meaning specified in Section 2.2;

“Purchased Shares” means all of the issued and outstanding shares in the capital of the Corporation as at the Closing Time;

“Regulatory Approval” means (i) any notice required to be provided under any Applicable Law; and (ii) any approval, consent, ruling, authorization, permit or acknowledgement required from any Governmental Authority pursuant to any Applicable Law;

“Remedial Action” means any action required by any Governmental Authority or Environmental Law to clean up, remove, treat, reduce or eliminate any Hazardous Material;

“Representatives” means, in respect of a Party, that Party’s directors, officers, employees, agents, solicitors, accountants, professional advisors and other representatives engaged by such Party in the transactions contemplated by this Agreement and, in the case of the Vendor prior to Closing, includes those of the Corporation, as the case may be;

“Restrictive Covenants” has the meaning specified in Section 4.3.4;

“Restrictive Legends” has the meaning specified in Section 2.8(a);

“Retail Operator Licence” has the meaning ascribed thereto in the Act;

“Retail Store Authorization” has the meaning ascribed thereto in the Act;

“Review Period” has the meaning specified in Section 2.5(b);

“RSA Application” has the meaning ascribed thereto in Section 3.1.15;

“Subsidiaries” means, with respect to any Person (other than an individual), any other Person (other than an individual) that such Person controls, whether directly or indirectly, and **“control”** (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise;

“Target Debt” means \$0;

“Target Working Capital” means an amount equal to the value of the Corporation’s cost of goods sold for the seven-day period immediately following Closing Date, which shall be determined on the eighth day following the Closing Date, or, if such day is not a Business Day, the next succeeding Business Day (with any dispute regarding the calculation of Target Working Capital to be resolved in accordance with the dispute resolution provisions set out in Section 2.6, mutatis mutandis);

“Tax” or **“Taxes”** means all taxes, assessments, charges, duties, fees, premiums, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under Tax Legislation, including, Canadian federal, provincial, territorial, municipal and local, foreign or other income, alternative or add-on minimum tax, capital, goods and services, harmonized sales, retail sales, use, consumption, excise, stamp, value-added, ad valorem, business, franchising, property, development, occupancy, employment, social services, education, real property, personal property, transfer, land transfer, withholding, payroll, or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions,

provincial pension plan contributions, employment insurance premiums, and provincial workers' compensation payments, including any interest, penalties, additions to tax and fines associated therewith, or other additional amounts imposed by any Governmental Authority in respect thereof;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended and in force as of the date of this Agreement;

"Tax Legislation" means the Tax Act and all federal, provincial, territorial, municipal, foreign, or other statutes imposing a Tax;

"Tax Returns" means all reports, elections, returns, and other documents required to be filed under the provisions of any Tax Legislation and any Tax forms required to be filed, whether in connection with a Tax Return or not, under any provisions of any applicable Tax Legislation;

"Termination Date" means 105 days following the date of this Agreement, or such later date as may be agreed to in writing by KBI and the Vendor;

"Third Party Claim" means any Claim by any Person who is not a Party against an Indemnified Party in respect of which such Indemnified Party may make a Claim for indemnification under Article 8 of this Agreement;

"Tribunal" means any court (including a court of equity), arbitrator or arbitration or dispute settlement panel, or any Governmental Authority or other body or Person exercising administrative, ministerial, adjudicative, regulatory, judicial or quasi-judicial powers, including any stock exchange;

"TSXV" means the TSX Venture Exchange;

"TSXV Approval" means the approval of the TSXV of the issuance of Kiaro Consideration Shares to the Vendor in accordance with this Agreement and the listing of the Kiaro Consideration Shares on the TSXV;

"Vendor Indemnified Parties" means the Vendor, its Affiliates and each of their respective directors, officers, agents and employees, including their respective successors and assigns, heirs and legal representatives, as applicable but, notwithstanding anything herein, does not mean or include KBI or Kiaro;

"Voting Agreements" means the agreements to vote in favour of the Kiaro Shareholder Resolution dated the date of this Agreement and made between the Vendor and each of the directors and executive officers that beneficially owns, or exercises control or direction over, directly or indirectly, 2% or more of the Kiaro Shares; and

“Working Capital” means, in respect of the Corporation, current assets (including, without limitation, cash and cash equivalents, trade and other receivables, Inventory and prepaid expenses) minus current liabilities (including trade and other payables), calculated in accordance with IFRS historically applied in the Corporation’s Financial Statements and on a basis consistent with the methodology set forth in Exhibit D.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Accounting Principles** – Accounting terms not specifically defined in this Agreement are to be interpreted in accordance with IFRS.
- (b) **Currency** – Unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, refer to Canadian currency.
- (c) **Gender and Number** – In this Agreement, unless the context requires otherwise, any reference to gender includes all genders and words importing the singular number only include the plural and vice versa.
- (d) **Predecessors and Successors** – In this Agreement, unless the context requires otherwise, any reference to a Person shall be deemed to include their respective predecessors and successors.
- (e) **Headings, etc.** – The division of this Agreement into Articles, Sections and other subdivisions and the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this Agreement.
- (f) **Including** – In this Agreement, the words “include” or “including” mean “include (or including) without limitation” and the words following “include” or “including” are not to be considered an exhaustive list.
- (g) **Knowledge** – Any reference to “to the knowledge of the Vendor” means the actual knowledge of Steven Pelton, Ba Linh Le and Jenn Juby, in each case after reasonable inquiry, which shall include, but not be limited to, inquiry to the Vendor’s other directors and officers. Any reference to “to the knowledge of Kiaro” means the actual knowledge of Daniel Petrov, Eleanor Lynch and Janet Hoffar, in each case after reasonable inquiry, which shall include, but not be limited to, inquiry to Kiaro’s other directors and officers.

- (h) **Ordinary Course** – “ordinary course” and “ordinary course of business” means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person or its business, as the case may be, and is taken in the ordinary course of the normal day-to-day operations of the Person or its business.
- (i) **Performance on Holidays** – If any act is required by the terms of this Agreement to be performed on a day which is not a Business Day, the act will be valid if performed on the next succeeding Business Day.
- (j) **References to Documents** – Unless otherwise specified, any reference in this Agreement to this Agreement or any other agreement or document, is a reference to this Agreement or the other agreement or document as it may have been, or may from time to time be, amended, supplemented, restated, novated or replaced and includes all schedules and exhibits to it and to the Disclosure Letter and Kiaro Disclosure Letter.
- (k) **References to Persons** – Unless the context otherwise requires, any reference in this Agreement to a Person includes its successors and permitted assigns.
- (l) **References to this Agreement** – The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement as a whole and not to any particular section or portion of it.
- (m) **Statutory References** – Unless otherwise specified, any reference in this Agreement to a statute includes all rules and regulations made under it, in each case as it or they may have been, or may from time to time be, amended or re-enacted.
- (n) **Time** – Time is of the essence of this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.
- (o) **Time Periods** – Unless otherwise specified, a period of days (or Business Days) will be deemed to begin on the first day (or Business Day) after (or, in the calculation of days (or Business Days) prior to an event, the first day (or Business Day) prior to) the event which began the period and to end at 5:00 p.m. (Vancouver time) on the last day of the period. If a period of time is to expire on any day that is not a Business Day, the period will be deemed to expire at 5:00 p.m. (Vancouver time) on the next succeeding Business Day.
- (p) **Trade Terms** – Unless otherwise defined in this Agreement, words or abbreviations which have well-known trade meanings are used in this Agreement with those meanings.

1.3 Schedules and Exhibits

The Schedules and Exhibits to this Agreement (if any), and the Disclosure Letter (and the Schedules thereto), form an integral part of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor shall sell to Kiaro, effective as at the Closing Time, and Kiaro shall purchase from the Vendor, effective as at the Closing Time, the Purchased Shares, free and clear of all Liens.

2.2 Amount of Purchase Price

Subject to adjustment in accordance with this Agreement (including Section 2.7), the aggregate consideration payable by Kiaro to the Vendor for the Purchased Shares shall be equal to:

- (i) \$7,900,863, to be satisfied through the issuance of the Initial Kiaro Consideration Shares at the Issuance Price;
- (ii) plus the Kiaro Milestone Shares (to the extent payable in accordance with this Agreement);
- (iii) plus the Kiaro Warrants;
- (iv) plus the Permitted Debt (if any);
- (v) plus a secured, non-interest-bearing and non-convertible promissory note made by Kiaro in favour of Aegis having a principal amount equal to the aggregate amount of Extended Other Location Debt (if any) and having a maturity date of the first anniversary of the Closing Date (the "**Other Location Note**"), which shall, for the avoidance of doubt, be subordinated to Kiaro's secured indebtedness outstanding as of the date hereof.

(the "**Purchase Price**"), which will be payable to the Vendor in accordance with Section 2.3.

2.3 Closing Payments

- (a) On the Closing Date, Kiaro shall:
 - (i) issue to the Vendor the Initial Kiaro Consideration Shares, as validly issued and fully paid and non-assessable Kiaro Shares, free and clear of any Liens (other than pursuant applicable statutory or TSXV resale restrictions), and deliver or cause to be delivered to the Vendor, four certificates, each representing one quarter (25%)

of the Initial Kiaro Consideration Shares, rounded to the nearest whole Kiaro Share and subject to the following restrictions (the “**Restrictive Legends**”):

- (A) the first certificate shall have the following restrictive legend affixed thereto: “The holder of this security must not trade the security before the date that is [insert the date that is 4 months after the Closing Date]”;
 - (B) the second certificate shall have the following restrictive legend affixed thereto: “The holder of this security must not trade the security before the date that is [insert the date that is 7 months after the Closing Date]”;
 - (C) the third certificate shall have the following restrictive legend affixed thereto: “The holder of this security must not trade the security before the date that is [insert the date that is 10 months after the Closing Date]”; and
 - (D) the fourth certificate shall have the following restrictive legend affixed thereto: “The holder of this security must not trade the security before the date that is [insert the date that is 12 months after the Closing Date]”;
- (ii) notwithstanding subsection (i), the Parties acknowledge and agree that the Restrictive Legends shall be subject to increased duration if the TSXV requires same as a condition of providing the TSXV Approval;
 - (iii) issue to the Vendor the Kiara Warrants, free and clear of any Liens (other than pursuant applicable statutory or TSXV resale restrictions), and deliver or cause to be delivered to the Vendor the Kiara Warrant Certificate;
 - (iv) pay to the Vendor, by wire transfer of immediately available funds to an account designated in writing by the Vendor, an amount equal to the Permitted Debt; and
 - (v) issue to the Vendor the Other Location Note (if any).
- (b) On the Adjustment Date, Kiara or the Vendor, as the case may be, shall pay (or cause to be paid) the absolute value of the Post-Closing Adjustment Amount, if any, in accordance with Section 2.7(b).

2.4 Inventory Count

For purposes of determining Closing Working Capital, (i) the value of Inventory shall be the cost thereof, and (ii) the Inventory of the Corporation as of Closing shall be determined jointly by KBI and the Vendor by conducting a physical count of the Inventory on the date that is two (2) Business

Days prior to the Closing Date (or such other date(s) as the Parties may agree) (the “**Inventory Count**”), and the results of such Inventory Count, as agreed by KBI and the Vendor, acting reasonably, shall be final and binding on the Parties. The Parties further agree that the Inventory Count applicable to each operational Milestone Location shall be at a minimum level sufficient to permit the continued operation of such location, in the ordinary course consistent with past practice and in accordance with Applicable Law. For greater certainty, historical ordinary course operations are expected to reflect Inventory related to cannabis at 14 calendar days and Inventory related to cannabis accessories at 90 calendar days.

2.5 Determination of Closing Working Capital and Closing Debt

- (a) KBI shall prepare and deliver to the Vendor on or before the date that is 60 days following the Closing Date a statement setting out KBI’s good faith calculation of:
- (i) the Working Capital of the Corporation as at the Closing Time (the “**Closing Working Capital**”); and
 - (ii) the Indebtedness of the Corporation (other than Indebtedness which is included in KBI’s calculation of Working Capital as at the Closing Time) as at the Closing Time (the “**Closing Debt**”),

in each case calculated in accordance with IFRS historically applied in the Corporation’s Financial Statements and on a basis consistent with the methodology set forth in Exhibit D, together with such supporting documentation as may be reasonably requested by the Vendor.

- (b) Following its receipt of KBI’s calculations of the Closing Working Capital and Closing Debt (such calculations being the “**Calculations**”), the Vendor will have thirty (30) days to review such Calculations (the “**Review Period**”). During the Review Period, Kiaro and KBI will give, and will cause the Corporation to give, access, and shall ensure that the its Representatives give access, upon every reasonable request, to the Vendor, to the books and records and working papers of the Corporation, KBI and Kiaro and their Representatives relating to, or created in connection with, the preparation of the Calculations to verify the accuracy, presentation and other matters relating to the preparation of the Calculations, and to enable the Vendor to exercise its rights under Section 2.6(a).
- (c) KBI and the Vendor shall each bear their own fees and expenses, including the fees and expenses of their respective auditors/accountants, in preparing and reviewing the Calculations (provided that if a dispute regarding the Calculations is submitted for

determination to the Independent Accountant under Section 2.6(a), the fees and expenses the Independent Accountant will be paid in accordance with Section 2.6(a)).

2.6 Acceptance or Dispute of the Calculations

- (a) Following receipt of the Calculations as contemplated by Section 2.5, if the Vendor objects to any of the Calculations, the Vendor may so notify KBI by delivering to KBI a written notice to that effect (the “**Notice of Objection**”) prior to the end of the Review Period. The Notice of Objection must set out the reasons for the objection of the Vendor, the item(s) in dispute and the Vendor’s calculation of such item(s). If the Vendor does not object to any of the Calculations, the Vendor may so notify KBI by delivering a written notice to that effect (the “**Notice of Acceptance**”). If the Vendor does not deliver a Notice of Objection or Notice of Acceptance to KBI prior to the end of the Review Period, the Vendor will be deemed to have delivered a Notice of Acceptance to KBI on the last day of the Review Period and the Calculations will be deemed to be final and binding for purposes of the adjustments referred to in Section 2.7. For greater certainty, no Party may attempt to dispute, duplicate or adjust any amount which that Party is required to pay or entitled to receive as a result of the adjustments referred to in Section 2.7 by making a claim for indemnification under Article 8. If a Notice of Objection is delivered in accordance with this Section 2.6(a), KBI and the Vendor shall work expeditiously and in good faith to resolve all of the items in dispute set out in the Notice of Objection within thirty (30) days following the delivery of the Notice of Objection. If the objections are so resolved, the Calculations with such changes as are agreed to by KBI and the Vendor in writing shall be final and binding for purposes of the adjustments referred to in Section 2.7.
- (b) Any items in dispute, that are not less than an aggregate amount of \$20,000 and not resolved by the end of that thirty (30)-day period shall be submitted by KBI and the Vendor for determination to Grant Thornton LLP (or in the event that Grant Thornton LLP is unwilling or unable to act as the “Independent Accountant”, another impartial nationally recognized firm of independent chartered professional accountants to be determined jointly by KBI and the Vendor, each acting reasonably) (the “**Independent Accountant**”) in accordance with this Section 2.6. In such event, KBI and the Vendor, shall jointly retain the Independent Accountant, and shall cause the Independent Accountant, on the basis set forth in, and in accordance with, this Section 2.6, to make a determination of those item(s) still in dispute. KBI and the Vendor shall instruct the Independent Accountant to deliver its written determination to KBI and the Vendor no later than 30 days after submitting the matter to the Independent Accountant for resolution.

- (c) In resolving any disputed item, the Independent Accountant shall act as an expert and not an arbitrator and may not assign a value to any disputed item that is greater than the greatest value claimed by KBI or the Vendor at the time the Independent Accountant is retained or less than the smallest value claimed for the item by KBI or the Vendor at such time. The scope of the disputes to be resolved by the Independent Accountant is limited to whether the Calculations were made in accordance with this Agreement, and the Independent Accountant is not to make any other determination unless jointly requested in writing by KBI and the Vendor. Notwithstanding anything to the contrary in this Agreement, any disputes regarding the Calculations shall be resolved solely and exclusively as set forth in this Section 2.6. The findings and determinations of the Independent Accountant as set forth in its written report shall be deemed final, conclusive and binding upon the Parties and shall not be subject to appeal or collateral attack for any reason, except with respect to any mathematical errors or fraud. The Vendor and KBI shall be entitled to have a judgment entered on such written report in any court of competent jurisdiction.
- (d) The fees, expenses and other charges or disbursements of or reimbursements to the Independent Accountant (collectively, for the purposes of this Section 2.6, the “**Post-Closing Adjustment Amount Dispute Expenses**”) shall be borne solely by the Vendor, on the one hand, and KBI, on the other hand, based on the inverse of the percentage that the Independent Accountant’s determination bears to the total amount of the total items in dispute as originally submitted to the Independent Accountant. For greater certainty, should the items in dispute total \$50,000 and the Independent Accountant awards \$30,000 in favour of the Vendor’s position, 60% of the Post-Closing Adjustment Amount Dispute Expenses shall be borne by KBI and 40% of the Post-Closing Adjustment Amount Dispute Expenses shall be borne by the Vendor.
- (e) KBI and the Vendor shall cooperate with the Independent Accountant during its resolution of the dispute and make readily available to the Independent Accountant all relevant books and records and any working papers (including those of the respective accountants of the Corporation, KBI and the Vendor) relating to the Calculations and/or Notice of Objection and all other items reasonably requested by the Independent Accountant in connection therewith, provided that neither KBI nor the Vendor shall be required to provide any documents that are subject to solicitor-client privilege and that address the interpretation of this Agreement with respect to the determination of the Closing Working Capital and/or Closing Debt. If Vendor does not reasonably cooperate with the Independent Accountant in resolving the dispute or fail to comply with any dispute resolution procedures set forth herein, then the Calculations delivered by KBI to the Vendor shall be deemed agreed, final and binding on the Parties. If KBI does not reasonably cooperate with the Independent

Accountant in resolving the dispute or fails to comply with any dispute resolution procedures set forth herein, then all items described in the Notice of Objection delivered by the Vendor to KBI shall be deemed agreed, final and binding on the Parties.

- (f) The procedure set out in this Section 2.6 for resolving disputes with respect to the Calculations and post-Closing payments to be made pursuant to Article 2 hereof is the sole and exclusive method of resolving those disputes, absent a clear and manifest error. However, this Section 2.6(f) will not prohibit KBI or Vendor, from commencing litigation to compel specific performance of this Section 2.6 or to enforce the determination of the Independent Accountant.

2.7 Post-Closing Adjustments

- (a) The Purchase Price will be adjusted as follows:
 - (i) if the Closing Working Capital, as finally determined in accordance with Section 2.6:
 - (A) is greater than the Target Working Capital, then the Purchase Price will be increased, dollar for dollar, by the amount of the difference; or
 - (B) is less than the Target Working Capital, then the Purchase Price will be decreased, dollar for dollar, by the amount of the difference;
 - (ii) if the Closing Debt, as finally determined in accordance with Section 2.6:
 - (A) is greater than the Target Debt, then the Purchase Price will be decreased, dollar for dollar, by the amount of the difference; or
 - (B) is less than the Target Debt, then the Purchase Price will be increased, dollar for dollar, by the amount of the difference.

The aggregate amount by which the Purchase Price is adjusted in accordance with this Section 2.7(a) is referred to as the “**Post-Closing Adjustment Amount**”.

- (b) If the Purchase Price is increased in accordance with Section 2.7(a), Kiara shall pay to the Vendor on the Adjustment Date, by wire transfer of immediately available funds in accordance with written wire instructions to be provided by the Vendor, the Post-Closing Adjustment Amount.

- (c) If the Purchase Price is decreased in accordance with Section 2.7(a), the Vendor shall pay to Kiaro on the Adjustment Date, by wire transfer of immediately available funds in accordance with written wire instructions to be provided by Kiaro, the Post-Closing Adjustment Amount.

2.8 Kiaro Milestone Shares

- (a) Within five (5) Business Days of the commencement of commercial operations of the last of the Milestone Locations to commence commercial operations, as evidenced by the commencement of retail sales transactions (the “**Milestone Event**”) then, provided that the Milestone Event has occurred on or before the Milestone Date, Kiaro shall issue to the Vendor the Kiaro Milestone Shares, free and clear of any Liens (other than pursuant applicable statutory or TSXV resale restrictions), and deliver or cause to be delivered to the Vendor, a certificate representing the Kiaro Milestone Shares. For greater certainty, if the Milestone Event has not occurred by the close of business on the Milestone Date, the Vendor shall forfeit any and all rights to the Kiaro Milestone Shares (which Kiaro Milestone Shares, for greater certainty, shall not be subject to any contractual resale restrictions).
- (b) Following Closing and prior to the Milestone Date, KBI shall promptly notify the Vendor following the commencement of operations of each of the Milestone Locations.
- (c) Following Closing and prior to the Milestone Date, if Kiaro or KBI proposes to effect a sale, lease, exchange or other transfer, directly or indirectly, in one transaction or a series of related transactions, of all or substantially all of the assets of KBI, Kiaro or the Corporation or an amalgamation, merger, arrangement, recapitalization or other transaction in which a third party becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of the interests in Kiaro, KBI or the Corporation, then, at the option of the Vendor (i) the issuance of the Kiaro Milestone Shares hereunder shall be accelerated (for greater certainty, regardless of whether or not the Milestone Event has occurred) and the Kiaro Milestone Shares shall be issued to the Vendor prior to the consummation of any such transaction, or (ii) Kiaro and KBI shall make provision for the transferee or successor to assume and succeed to the obligations of Kiaro in this Section 2.8 to the reasonable satisfaction of Vendor.
- (d) Following Closing, KBI and Kiaro shall have sole discretion with regard to all matters relating to the operation of the Corporation and the Business; provided that neither Kiaro nor KBI shall, and they shall cause each of their Affiliates and Representatives not to, directly or indirectly, take any actions in bad faith that would have the purpose of avoiding the occurrence of a Milestone Event hereunder, including by intentionally delaying the

commencement of operations of any of the Milestone Locations for purposes of avoiding the issuance of the Kiara Milestone Shares hereunder.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Vendor

The Vendor represents and warrants to each of Kiara and KBI as set out in this Section 3.1 as of the date hereof and as of the Closing Time and acknowledges that each of Kiara and KBI is relying on those representations and warranties in entering into this Agreement and completing the transactions contemplated by it.

3.1.1 Incorporation and Qualification

- (a) Each of the Corporation and the Vendor is duly organized, validly existing and in good standing under the laws of its governing jurisdiction. The Corporation has the corporate power and capacity to own, lease, use and operate its property and carry on the Business. Neither the location or character of any property owned or leased by the Corporation nor the nature of the Business requires the Corporation to be registered or licensed in any jurisdiction other than the Province of Ontario.
- (b) The Corporation is qualified, licensed and registered to carry on the Business in the Province of Ontario in all material respects. The Corporation does not have any Subsidiaries. The Corporation does not own, or have any agreement or right to acquire, directly or indirectly, any securities in any Person.
- (c) Schedule 3.1.1(c) to the Disclosure Letter contains a full list of all current and past corporate names and business/trade names (including the applicable jurisdiction) of or used by the Corporation.

3.1.2 No Insolvency or Reorganization Proceedings

The Corporation is not insolvent and no proceedings have been taken or authorized by the Vendor, the Corporation, or, to the knowledge of the Vendor, by any other Person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Corporation or with respect to any amalgamation, merger, consolidation, arrangement, receivership or reorganization of, or relating to, the Corporation, nor, to the knowledge of the Vendor, have any such proceedings been threatened by any other Person.

3.1.3 Authorized and Issued Capital

- (a) The authorized capital of the Corporation as at the date hereof consists of, and immediately prior to the Closing will consist of, (i) an unlimited number of common shares, (ii) an unlimited number of Class A preferred shares, and (iii) an unlimited number of Class B preferred shares.
- (b) The Purchased Shares: (i) are the only issued and outstanding shares in the capital stock of the Corporation, (ii) were duly authorized; (iii) are validly issued; (iv) are outstanding as fully paid and non-assessable shares in the capital stock of the Corporation; (v) were not issued in violation of any Applicable Laws; and (vi) are not subject to and were not issued in violation of any preemptive rights, rights of first refusal or rights of first offer. The Vendor is the registered and beneficial owner all of the Purchased Shares.

3.1.4 No Other Agreements or Options

Other than Kiaro pursuant to this Agreement, no Person has any agreement or option or any right or privilege capable of becoming an agreement or option, to acquire any of the issued and outstanding shares in the capital stock of the Corporation. No Person has any right, option or agreement to acquire any shares or other securities (including any shares or securities which have yet to be issued) from the Corporation.

3.1.5 No Conflicts

The execution and delivery of and performance by the Vendor and the Corporation of this Agreement, and the consummation of the transaction contemplated by this Agreement, do not and will not:

- (a) result in a breach of, or conflict with the articles or by-laws of the Vendor or the Corporation;
- (b) conflict with any resolutions of the directors or shareholders of the Vendor or the Corporation;
- (c) result in a breach of, or conflict with, or cause the acceleration of any payment, right or obligation pursuant to, or allow any Person to exercise any rights under, any of the terms or provisions of any Material Contract, assuming that the Consents set forth in Schedule 3.1.7 to the Disclosure Letter are given or obtained (as applicable) in accordance with the terms of each applicable Contract;

- (d) result in a breach of, or conflict with any Applicable Laws, assuming that the AGCO Approval is given or obtained (as applicable) in accordance with each Applicable Law; or
- (e) result in a breach of, or conflict with, or cause the acceleration of any payment, right or obligation pursuant to, or allow any Person to exercise any rights under, any of the terms or provisions of any License of the Corporation, assuming that the applicable Consents set forth in Schedule 3.1.7 to the Disclosure Letter are given or obtained (as applicable) in accordance with the terms of each applicable License and the AGCO Approval is given or obtained (as applicable) in accordance with each Applicable Law.

3.1.6 Required Regulatory Approvals

Other than the AGCO Approval, there is no requirement on the part of the Vendor or the Corporation to give or obtain (as applicable) any Regulatory Approval in order to lawfully complete the transactions contemplated by this Agreement or to permit the Corporation to carry on the Business immediately after Closing as it is currently conducted.

3.1.7 Required Consents

There is no requirement on the part of the Vendor or the Corporation to give or obtain (as applicable) any Consent under any Material Contract in connection with the execution and delivery of this Agreement or the completion of the transactions contemplated by this Agreement, except for the Consents described in Schedule 3.1.7 to the Disclosure Letter.

3.1.8 Corporate Records

The minute books of the Corporation and other corporate records made available to KBI for review include:

- (a) complete and accurate copies of the articles and by-laws of the Corporation;
- (b) copies of all written resolutions passed by the sole director and sole shareholder of the Corporation; and
- (c) the securities registers, registers of transfers, registers of directors and registers of officers of the Corporation, each of which is complete, accurate and current.

The minute books of the Corporation have been maintained in accordance with all Applicable Laws in all material respects. All resolutions of the sole director and sole shareholder of the Corporation have been passed in accordance with Applicable Laws in all material respects. There are no shareholders' agreements, unanimous shareholders' agreements or other security holder

agreements governing the affairs of the Corporation or the relationships, rights and/or duties of the shareholders or directors thereof or any voting trusts, pooling arrangements or other similar agreements with respect to the ownership or voting of any shares in the capital stock of the Corporation.

3.1.9 Dividends and Distributions

As of the date hereof, since the Balance Sheet Date the Corporation has not, directly or indirectly: (i) declared or paid any dividends or declared or made any other distribution or return of capital in respect of any of its securities; (ii) redeemed, purchased or otherwise acquired any of its outstanding securities; or (iii) agreed to do any of the foregoing.

3.1.10 Residence of Vendor

The Vendor is not a “non-resident” of Canada within the meaning of the Tax Act.

3.1.11 Business Carried on in Ordinary Course

The Corporation does not carry on any business other than the Business. In addition, and notwithstanding anything contained herein, between the Balance Sheet Date and the date of this Agreement, except as set out in Schedule 3.1.11 to the Disclosure Letter, the Corporation has carried on the Business in the ordinary course and, without limiting the generality of the foregoing has not:

- (a) suffered any material deterioration in its relationships with material customers, employees or suppliers of the Business;
- (b) transferred, assigned, sold or otherwise disposed of any of its material property or assets, other than sales of Inventory to customers in the ordinary course;
- (c) except as required by Applicable Laws, terminated, discontinued, suspended or reduced its operations in any material respect or closed or disposed of any material facility or business operation;
- (d) except for expenditures with respect to the construction or build-out of the Locations, made or committed to make any capital expenditures or other expenditures in excess of \$10,000 individually or \$25,000 in the aggregate;
- (e) suffered any material damage to or destruction or loss of, any material property or asset (whether or not covered by insurance);

- (f) discharged or satisfied any Lien or paid any Indebtedness (other than trade payables), except in the ordinary course of business;
- (g) except for expenditures with respect to the construction or build-out of the Locations, incurred any Indebtedness (other than trade payables incurred in the ordinary course) or taken any action that resulted in the imposition of any Lien on or relating to any of its property, assets or undertaking, other than Permitted Liens;
- (h) undergone any strike, work stoppage or organizing drive or application for certification in respect of a trade union or voluntarily recognized a trade union as a representative of any Employee(s);
- (i) except for expenditures with respect to the construction or build-out of the Locations, directly or indirectly engaged in any transaction (including the making of a payment), or entered into any Contract or arrangement, with any of the Vendor or any other Corporation Interested Person, except for ordinary course compensation and/or benefit arrangements;
- (j) amended, modified or terminated any Employee Benefit Plan in any material respect;
- (k) made any wage, salary or other compensation increase exceeding three (3%) percent on an annual basis in respect of any Employee earning an annual salary in excess of \$50,000 except in the ordinary course of business;
- (l) terminated, or amended or renegotiated in a manner adverse to the Corporation, any Material Contract or any Contract that would have constituted a Material Contract prior to its amendment, termination or renegotiation;
- (m) except for expenditures with respect to the construction or build-out of the Locations, entered into a Material Contract;
- (n) terminated, transferred or modified any Intellectual and Industrial Property Rights;
- (o) issued, sold, granted or delivered, or entered into any Contract for the issuance, sale, granting or delivery of any shares in its capital stock or any other securities of the Corporation, or any rights convertible into or exercisable therefor, or split, combined or reclassified any shares in its capital stock or other securities of the Corporation;
- (p) amended or taken any action to amend its articles or by-laws or taken any steps (whether by its directors, officers or shareholders) to dissolve, wind-up or otherwise affect its

continuing corporate existence, or amalgamate, merge or enter into a similar business combination with any Person;

- (q) changed its accounting principles, practices, methods or procedures, including with respect to the management of its working capital, or made any election or designation, or any change in an election or designation, with respect to Taxes, in each case in any material respect;
- (r) cancelled any debts or claims or amended, terminated or waived any rights of value to it;
- (s) suffered a Material Adverse Effect; or
- (t) authorized, agreed or become bound to do any of the foregoing.

3.1.12 Compliance with Applicable Laws

The Corporation has been and is, and the Business has been conducted and is being conducted, in material compliance with all Applicable Laws. The Corporation has not received any notice of any violation or alleged violation of any Applicable Law.

3.1.13 CASL

The Corporation has at all times been in material compliance with CASL, as CASL exists as at the date hereof. The Corporation has not received any inquiries, warning letters, notices to produce, notices of investigation or notices of violation from any applicable Governmental Authority, or been subject to a warrant or injunction, been assessed any administrative monetary penalties by any Governmental Authority, been the subject of a compliance and enforcement decision or entered into or discussed an undertaking with any Governmental Authority as a result of non-compliance or alleged non-compliance with CASL, and the Corporation has not otherwise been subject to any enforcement actions with respect to CASL that would adversely affect the Corporation in any material respect.

3.1.14 Privacy

- (a) The Corporation has taken commercially reasonable measures to protect and maintain the confidentiality of, and otherwise enforce and protect its rights in, any Personal Information in accordance with Applicable Laws in all material respects. All material notices and consents required by Applicable Laws regarding the collection, use or disclosure of Personal Information in connection with the conduct of the Business have been given or obtained.

- (b) The Corporation has in place written agreements with all vendors, marketing partners, service providers and other third parties and persons (“**Service Providers**”) providing services to the Corporation and which, to any material degree, have access to, receive or process Personal Information from or on behalf of the Corporation, and such agreements contain provisions that oblige the Service Providers to comply with all Applicable Laws relating to the use and safeguard of such Personal Information, except as the failure to have such written agreements or provisions would not reasonably be expected to adversely impact the Corporation in any material respect.

3.1.15 Licenses

- (a) Other than the Licenses listed in Schedule 3.1.15(a) to the Disclosure Letter, no License is required by the Corporation to enable the Corporation to carry on the Business in the ordinary course consistent with past practice and in accordance with all Applicable Laws in all material respects. True and complete copies of all Licenses listed in Schedule 3.1.15(a) to the Disclosure Letter have been made available to KBI for inspection and those Licenses are in the name of and held by the Corporation and are valid and subsisting and in good standing, the operations of the Corporation have at all times been and are now being conducted in all material respects in accordance with all of the terms and conditions of those Licenses applicable thereto and there are no outstanding material defaults or violations under any of those Licenses on the part of the Corporation. To the Vendor’s knowledge, (i) none of the Licenses listed in Schedule 3.1.15(a) to the Disclosure Letter will be terminated, impaired or materially breached as a result of the transactions contemplated by this Agreement (provided that the required AGCO Approval is obtained), and (ii) no Person has threatened to revoke, amend or impose any condition in respect of, or commenced proceedings to revoke, amend or impose any conditions in respect of, any of those Licenses.
- (b) Schedule 3.1.15(b) to the Disclosure Letter sets out a complete list of all Retail Store Authorizations applied for by the Corporation, which have not been received as of the date of this Agreement (each a, “**RSA Application**”). To the knowledge of the Vendor, there is no reasonable basis upon which any RSA Application would be denied. The Corporation has not received any notice or communication from any Governmental Authority denying, rejecting, alleging a default under, or requesting a modification or clarification to any aspect of an RSA Application, and, to the knowledge of the Vendor, there is no reasonable basis for on which any such allegation by any Governmental Authority would be made. To the knowledge of the Vendor, there is no reasonable basis on which any License or RSA Application would be invalidated, including in connection with the completion of the

transactions contemplated by this Agreement (provided that the required AGCO Approval is obtained).

3.1.16 Financial Statements

The Corporation's Financial Statements have been prepared in accordance with IFRS (but for the absence of notes) and fairly present, in all material respects, the financial condition of the Corporation as of the dates and throughout the periods indicated. The Corporation's Financial Statements are attached to Schedule 3.1.16 to the Disclosure Letter.

3.1.17 Non-Arm's Length Transactions

Except as disclosed in Schedule 3.1.17 to the Disclosure Letter:

- (a) no Corporation Interested Person is indebted to the Corporation nor is the Corporation indebted to any Corporation Interested Person;
- (b) the Corporation is not a party to any Contract with any Corporation Interested Person, except for employment agreements entered into in the ordinary course of business;
- (c) no Corporation Interested Person owns, directly or indirectly, in whole or in part, any property that the Corporation leases or otherwise uses; and
- (d) since the Balance Sheet Date, the Corporation has not made any payment to, made any loan to, borrowed any money from, or engaged in any transaction with, any Corporation Interested Person.

3.1.18 No Liabilities

Except as disclosed in Schedule 3.1.18 to the Disclosure Letter, the Corporation does not have any Liabilities except for:

- (a) Liabilities reflected or reserved against in the Corporation's Interim Financial Statements;
- (b) Liabilities under any Contract listed or disclosed in the Schedules to the Disclosure Letter (none of which have arisen pursuant to any breach of or default under any such Contract); and
- (c) current Liabilities incurred in the ordinary course of business after the Balance Sheet Date and that are not individually or in the aggregate material to the Business).

3.1.19 Debt Instruments

Schedule 3.1.19 to the Disclosure Letter is a complete and accurate list of all Debt Instruments to which the Corporation is a party.

3.1.20 Government Assistance

- (a) Except as disclosed in Schedule 3.1.20 to the Disclosure Letter, the Corporation is not a recipient of any funding, loans or other financial assistance from any Governmental Authority.
- (b) The Corporation has taken no action which could give rise to any Liabilities at or following Closing: (i) under any federal, provincial or local governmental relief programs established in response to COVID-19; (ii) for any deferred compensation or rental payment; or (iii) for any deferral of payment of the Corporation's share of employment insurance, employer health tax, or any other payroll Taxes, as applicable.

3.1.21 Guarantees

Except as disclosed in Schedule 3.1.21 to the Disclosure Letter, the Corporation has not given, or is a party to or bound by or subject to, any Guarantee.

3.1.22 Title to the Assets

Except as set forth in Schedule 3.1.22, and except for any Licensed IP, any Leased Property and any leased personal property that is the subject of an Equipment Lease, the Corporation is the sole legal and beneficial owner of all of the property and assets necessary for it to conduct the Business consistent with past practice and in the ordinary course, free and clear of all Liens other than Permitted Liens. The material tangible assets owned or leased by the Corporation and used in the Business are in good operating condition, except for reasonable wear and tear, and no such material tangible assets is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

3.1.23 Owned Real Property

The Corporation: (a) does not own any real property; (b) has never owned any real property; and (c) does not and has not been subject to any agreement or other right to acquire any real property.

3.1.24 Leases and Leased Property

- (a) Schedule 3.1.24(a) to the Disclosure Letter is a complete and accurate list of all of the Leases and the Leased Property. Except as disclosed in Schedule 3.1.24(a) the Corporation does not own or have any interest in, nor is the Corporation a party to or bound by or subject to any option or other Contract respecting, any real or immovable property, other than the Leased Property in its capacity as tenant. None of the Leased Property is subleased by the Corporation to another Person, or is otherwise occupied by any other Person.
- (b) The Corporation has a valid and existing leasehold interest, as tenant, in, and the right to quiet enjoyment of, the Leased Property under the Leases and, subject to receipt or delivery (as applicable) of the Consents relating to such Leased Property, no landlord of the Leased Property will be entitled to terminate a Lease in respect of the Leased Property solely as a result of the completion of the transactions contemplated by this Agreement.
- (c) The Corporation has adequate rights of ingress and egress from the Leased Property so as to permit the operation of the Business in the ordinary course.
- (d) There are no agreements or understandings relating to the Corporation's lease, use or occupation of any of the Leased Property other than as contained in the Leases or that would not adversely impact the Corporation in any material respect.
- (e) All interests held by the Corporation as a lessee or occupant under any of the Leases, are free and clear of all Liens other than Permitted Liens.
- (f) To the knowledge of the Vendor, no part of the Leased Property is subject to any building, zoning or use restriction that restricts or prevents (or could restrict or prevent) the use or operation of any part of the Leased Property for the Business in any material respect.
- (g) To the knowledge of the Vendor, there is no proposed or pending change to any building, zoning or use restriction that could restrict or prevent the occupation of any of the Leased Property for the Business in any material respect, nor does the Vendor have any knowledge of any expropriation or condemnation or similar proceeding pending or threatened against any of the Leased Property.
- (h) No material improvements constituting a part of the Leased Property encroaches on any real property not forming part of the Leased Property.

- (i) Except as set forth in Schedule 3.1.24(i) to the Disclosure Letter, all improvements included within the Leased Property are in good condition and repair and in proper working order, having regard to their use and age and each has been properly and regularly maintained, in each case, in all material respects.
- (j) The Vendor has not received notice of any current, proposed or pending restriction, default, violation, order or other proceeding or set of facts or circumstances that would reasonably be expected to restrict or prevent the occupation of any of the Leased Property for the Business in any material respect.
- (k) Each Lease is valid and binding on the Corporation, is in full force and effect and, to the knowledge of the Vendor, is valid and binding on the other parties thereto.
- (l) Except as set forth in Schedule 3.1.24(l) to the Disclosure Letter, all rents, additional rents and any other amounts due and owing thereunder in respect of the Leases have been paid.
- (m) Except as set forth in Schedule 3.1.24(m) to the Disclosure Letter, no waiver, indulgence or postponement of the Corporation's obligations as a lessee has been granted by the lessor under the Leases.
- (n) To the knowledge of the Vendor and subject to receipt or delivery (as applicable) of the Consents relating to the Leased Property, there exists no event of default or event, occurrence, condition or act (including the completion of the transactions contemplated by this Agreement) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would give rise to an event of default under any of the Leases or documents incorporated by reference therein.
- (o) No security deposit or portion thereof deposited with respect to any Lease has been applied in respect of a breach or default under such Lease which has not been redeposited in full and such deposits shall remain for the benefit of the Corporation following Closing.
- (p) The Corporation does not owe any brokerage commissions or finder's fees with respect to any Leases.
- (q) To the knowledge of the Vendor, all of the material covenants and other obligations to be performed by any other party under each of the Leases have been performed in all material respects.

- (r) No Governmental Authority has ordered, directed or required in writing under Applicable Law the Corporation to make any alterations, repairs, improvements or other work with respect to the Leased Property that have not been completed in all material respects.
- (s) Except as disclosed in Schedule 3.1.24(s) to the Disclosure Letter, the “tenant’s work” under each of the Leases set out in such schedule has been completed in all material respects.

3.1.25 Equipment Leases

Schedule 3.1.25 to the Disclosure Letter is a complete and accurate list of all of the Equipment Leases.

3.1.26 Material Contracts

- (a) Schedule 3.1.26(a) to the Disclosure Letter is a complete and accurate list of all the Material Contracts to which the Corporation is party or by which it is legally bound (except in the case of subsections 3.1.26(a)(v) through 3.1.26(a)(viii) which are set out in the applicable schedules of the Disclosure Letter pertaining to such Material Contracts). For purposes of this Agreement, “**Material Contract**” means any Contract:
 - (i) for the purchase or sale of any materials, supplies, assets, equipment or services in excess of \$25,000 in any calendar year or \$50,000 over the life of the Contract (excluding, for certainty, any Contract contemplated in subsections 3.1.26(a)(v) through 3.1.26(a)(viii) and any employment Contracts);
 - (ii) for capital expenditures in excess of \$10,000 in any calendar year or \$25,000 over the life of the Contract;
 - (iii) obligating the Corporation to pay any royalties, license fees or similar payments in excess of \$25,000 in any calendar year or \$50,000 over the life of the Contract;
 - (iv) containing any: (A) non-competition or non-solicitation covenant; or (B) provision or covenant which materially restricts the Business;
 - (v) that is a Lease;
 - (vi) that is an Equipment Lease;
 - (vii) that is a Debt Instrument;

- (viii) that is a Guarantee;
 - (ix) that is a Collective Agreement;
 - (x) that is or contains a power of attorney or similar Contract by the Corporation (or in favor of it);
 - (xi) that is a shareholders' agreement or other similar type of agreement;
 - (xii) that is a partnership, joint venture, or other similar Contract or arrangement, or any cooperative agreement involving a sharing of profits with any Person;
 - (xiii) that relates to the acquisition or disposition of all or any material part of the Business or any material assets used therein (whether by merger, sale of stock, sale of assets, or otherwise); or
 - (xiv) that is a stock option plan or similar plan or any other agreement in respect of the purchase of any securities of or from the Corporation.
- (b) True and complete copies of all the Material Contracts have been made available to KBI for inspection.
- (c) There are no outstanding defaults or violations under any of the Material Contracts on the part of the Corporation or, to the knowledge of the Vendor, on the part of the other party or parties to any of the Material Contracts, except for such defaults or violations that would not adversely affect the Corporation or the Business in any material respect.
- (d) Each Material Contract is a legal and binding Contract of the Corporation, in full force and effect, and, to the knowledge of the Vendor, is a valid and binding obligation on the other party or parties thereto, and enforceable against such party or parties in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (e) The Corporation has not received any written notice: (i) alleging a material breach of any Material Contract, or (ii) terminating or threatening to terminate any Material Contract.
- (f) Schedule 3.1.26(f) to the Disclosure Letter sets forth all contracts, agreements and other documents which are currently under ongoing negotiations and which, if concluded on the terms and conditions reasonably anticipated by the Corporation, would constitute Material Contracts.

3.1.27 Intellectual and Industrial Property

- (a) Schedule 3.1.27 to the Disclosure Letter contains a complete and accurate list of the Corporation's Intellectual and Industrial Property and specifies, for each item, whether such Corporation's Intellectual and Industrial Property is owned by the Corporation ("**Owned IP**") or whether such Corporation's Intellectual and Industrial Property is used by the Corporation under a license agreement or arrangement from another Person ("**Licensed IP**").
- (b) The conduct of the Business and the use by the Corporation of the Corporation's Intellectual and Industrial Property does not infringe, violate or misappropriate any intellectual property rights or any other proprietary right of any Person. There is no litigation ongoing, pending or, to the knowledge of the Vendor, threatened with respect to the infringement, violation or misappropriation of any of the Corporation's Intellectual and Industrial Property or threatening the ownership, validity or use thereof by the Corporation.
- (c) The Corporation's rights in the Corporation's Intellectual and Industrial Property are valid and enforceable.
- (d) Each item of Owned IP is owned by the Corporation with good and marketable title thereto free of all Liens other than Permitted Liens. To the knowledge of the Vendor, no third party has infringed or misappropriated any of the Owned IP.

3.1.28 Directors and Officers

Schedule 3.1.28 to the Disclosure Letter sets forth the names and titles of all of the directors and officers of the Corporation.

3.1.29 Employees

- (a) Schedule 3.1.29(a) to the Disclosure Letter is a list of all of the Employees and the employer, position, status as full-time or part-time, current annual salary/hourly wage, bonus entitlements, location of employment, and hire date of each of them, respectively, with an indication for each such Employee as to whether such Employee is on leave, in each case as of the date of this Agreement.
- (b) All salary, wages, bonuses, incentive pay, vacation, holiday, sick leave and overtime pay due and payable to any Employees and/or former employees of the Corporation have been paid as due or otherwise have been accrued in the ordinary course and reflected in the Corporation's Interim Financial Statements or will be provided for in Closing Working

Capital (for greater certainty, as finally determined in accordance with Section 2.6) and there are no Claims outstanding with respect thereto.

- (c) Schedule 3.1.29(c) to the Disclosure Letter is a list of all employment Contracts to which the Corporation is a party as of the date of this Agreement with Employees earning an annual salary of over \$40,000. True and complete copies of all written employment Contracts to which the Corporation is a party have been made available to KBI for inspection. The Corporation is not a party to any oral employment Contracts.
- (d) Except as otherwise contemplated by this Agreement, the Corporation is not a party to any Contract that results or could reasonably be expected to result in enhanced or accelerated payments, benefits or rights to any Employee as a result of or in connection with the transactions contemplated by this Agreement.
- (e) Except as disclosed in Schedule 3.1.29(e) to the Disclosure Letter, no Employee earning an annual salary of over \$40,000 is employed under an employment Contract for a specified term or on terms restricting the right of the Corporation to terminate the employment of such Employee, except for those Employees who are employed on an indefinite term basis for whom reasonable notice of termination, in the absence of cause, is required by Applicable Law.
- (f) There are no outstanding Claims against the Corporation relating to the employment or termination of employment of any Employees or any former employees of any of them and, to the knowledge of the Vendor, there are no threatened Claims against the Corporation relating to the employment or termination of any Employees or any former employees of any of them.
- (g) The Corporation: (i) is not or has not ever been a party to or bound by or subject to any Collective Agreement; (ii) has not made any commitment to, or conducted any negotiation or discussion with, any labour union or employee association with respect to any future agreement or arrangement; or (iii) is not required to recognize any labour union or employee association representing any Employees. No Employee who is employed in the position of store manager, general manager or any position senior thereto has provided written or verbal notice to the Corporation of their resignation or termination or of their desire to terminate their employment with the Corporation.
- (h) To the knowledge of the Vendor: (i) there are no activities or applications relating to any trade union, including any proceedings which could result in a new certification of a trade

union as bargaining agent for any Employee; and (ii) no such activities or applications are pending or threatened.

- (i) To the Vendor's knowledge, there no outstanding unfair labour practice complaints against the Corporation or human rights or workplace safety issues that, individually or in the aggregate, are material or could materially adversely affect the Corporation.
- (j) The Corporation has not received notice of any notice of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment from any workplace safety and insurance or workers' compensation board or similar Governmental Authority in any jurisdiction where the Business is carried on that remain unpaid and that are material in amount.
- (k) There is no strike, work stoppage, slow down or lockout or other labour dispute affecting the Corporation and, to the Vendor's knowledge, no strike, work stoppage or lockout has been threatened which could affect the Corporation.
- (l) All Employees have successfully completed an AGCO-approved cannabis retail employee training program.

3.1.30 Employee Benefit Plans

- (a) Schedule 3.1.30 to the Disclosure Letter sets out all Employee Benefit Plans.
- (b) All Employee Benefit Plans are in writing. True and complete copies of all Employee Benefit Plans have been made available to KBI together with copies of (i) all booklets, summaries and other material communications distributed to the Employees during the last three (3) years concerning any Employee Benefit Plans; and (ii) all trust agreements, funding agreements, participation agreements and any insurance agreements related thereto;
- (c) Except as disclosed on Schedule 3.1.30, in the case of each Employee Benefit Plan:
 - (i) the Employee Benefit Plan (and each related trust or insurance policy) complies in form and in operation in all material respects with the requirements of Applicable Law (or complied in form and operation while the Corporation maintained or contributed to or was bound by the plan or its Employees participated in the plan);
 - (ii) all required contributions to or premiums or other payments in respect of the each Employee Benefit Plan have been paid;

- (iii) all obligations of the Corporation due prior to Closing Date under the Employee Benefit Plans (whether pursuant to the terms thereof or any Applicable Law) have been satisfied or otherwise accounted for in Closing Working Capital, and there are no outstanding material defaults or violations thereunder by the Corporation.
- (d) No material improvements, increases or changes to the benefits provided under the Employee Benefit Plans have been communicated to Employees by the Corporation; and
- (e) The Corporation does not have any pension plans.

3.1.31 Insurance

- (a) Schedule 3.1.31(a) to the Disclosure Letter contains a complete and accurate list of all insurance policies currently maintained by the Corporation or the Vendor in respect of the Business. All such insurance policies are in full force and effect unamended, with all premiums paid thereon and neither the consummation of the transactions contemplated by this Agreement will not constitute a default under any such insurance policies. There are no claims pending under any such insurance policies as to which coverage has been questioned, denied or disputed.
- (b) The Corporation is the beneficiary of insurance policies which are of a type and in such amounts are customarily maintained by Persons conducting a business similar to the Business.
- (c) The Corporation has not failed to give notice of, or provide information with respect to, any material insurance claim, such that the Corporation is or will be disqualified from receiving insurance proceeds in respect of such material insurance claim.

3.1.32 Legal Proceedings

- (a) There is no outstanding, pending or, to the knowledge of the Vendor, threatened, Claims against the Corporation that would adversely affect the Corporation in any material respect.
- (b) To the knowledge of the Vendor, there is no fact, occurrence or event which would reasonably be expected form the basis of a Claim against the Corporation and that would reasonably be expected to adversely affect the Corporation in any material respect.
- (c) There is no Order outstanding against the Corporation, or against any Person relating to any of the Purchased Shares or any securities in the capital stock of the Corporation.

3.1.33 Tax Matters

- (a) The Corporation has paid all Taxes due under applicable Tax Legislation, including all Taxes shown on their respective Tax Returns as being due and payable and all Taxes payable by any of them under any notice of assessment or reassessment.
- (b) The Corporation's Financial Statements contain adequate provision in accordance with IFRS for all Taxes payable by the Corporation in respect of each period covered by the Corporation's Financial Statements and all prior periods to the extent those Taxes have not been paid, whether or not assessed and whether or not shown to be due in any Tax Returns.
- (c) The Corporation has deducted, withheld and/or collected and remitted to the relevant Governmental Authority within the applicable time periods prescribed under Applicable Law all Taxes or other amounts required to be deducted, withheld and/or collected and remitted by it.
- (d) True and complete copies of all Tax Returns of the Corporation for the previous three (3) years have been provided to KBI.
- (e) The Corporation has timely filed or caused to be filed with the applicable Governmental Authorities all Tax Returns required to be filed by it and all such Tax Returns are true and correct in all material respects and have been completed in accordance with applicable Tax Legislation.
- (f) There are no reassessments of Taxes that have been issued to and that are under dispute by the Corporation.
- (g) There are no Liens for Taxes upon any assets of the Corporation. The Corporation has not requested any extension of time within which to file any Tax Return which has not since been filed.
- (h) No Governmental Authority has notified the Corporation that it is currently challenging or disputing the Corporation in respect of any Taxes or any Tax Returns.
- (i) The Corporation is not negotiating any draft assessment or reassessment with any Governmental Authority.

- (j) The Corporation has not waived any statute of limitations in respect of any Taxes or executed or filed with any Governmental Authority any agreement extending the period for assessment, reassessment or collection of any Taxes.
- (k) There are no circumstances existing and no transactions or events or series of transactions or events which have occurred which could result in the application of any of Sections 78, or 80 through to and including Section 80.04 of the Tax Act, or any equivalent or analogous Tax Legislation of a province or other jurisdiction, to the Corporation. The Corporation is not subject to any liability for Taxes of any other Person, including liability arising under Section 160 of the Tax Act or any analogous provision of Tax Legislation.
- (l) No transaction or arrangement between the Corporation and any Person with whom the Corporation was not dealing at arm's length within the meaning of the Tax Act involving the acquisition, delivery, disposition or provision of property or services or the right to use property or services, took place for consideration that is other than the fair market value of such property, services or right and all such transactions or arrangements were made on arm's length terms and conditions.
- (m) The Corporation is a GST/ HST registrant for the purposes of the goods and services tax and harmonized sales tax as provided for under the *Excise Tax Act* (Canada), and is a sales tax registrant under all applicable provincial, state or other Tax Legislation, and its registration numbers are set out in Schedule 3.1.33(m) to the Disclosure Letter.
- (n) The Corporation has never carried on business outside of Canada and has no liability for Taxes in a jurisdiction where it does not file a Tax Return, nor has the Corporation received any notice from a taxing authority in such a jurisdiction that it is or may be subject to taxation by that jurisdiction.

The representations in this Section 3.1.33 refer only to the past activities and are not intended to serve as representations to, or as a guarantee of, nor can they be relied upon for, or with respect to, Taxes attributable to any Tax periods beginning, or Tax positions taken, on or after the Closing Date. Notwithstanding anything to the contrary in this Section 3.1.33, the Vendor makes no representations as to the amount of, or limitations on the use in any taxable period beginning on or after the Closing Date, of any net operating losses, capital losses, deductions, Tax credits and other similar items.

3.1.34 Bank Accounts

Schedule 3.1.34 to the Disclosure Letter sets forth a true and complete list of: (a) the name and address of each bank with which the Corporation has an account or safe deposit box, (b) the name of each Person authorized to draw on each such bank account or have access thereto, and (c) the

account number for each such bank account. The bank accounts set forth in Schedule 3.1.34 to the Disclosure Letter represent all of the bank accounts used in or relating to the Business.

3.1.35 Warranties and Product Liability

Except as set forth in Schedule 3.1.35 to the Disclosure Letter, the Corporation has not given (directly or indirectly) any written warranty with respect to any products or services sold or supplied by the Corporation. There are no material Claims asserting any product or service defects pending or, to the knowledge of the Vendor, threatened against the Corporation and, to the knowledge of the Vendor, there is no fact, occurrence or event which would reasonably be expected to form the basis of such a Claim.

3.1.36 Books and Records

The Books and Records set out and disclose in all material respects the assets and Liabilities of the Corporation and all material financial transactions and activities relating thereto. The Corporation's assets and properties and the Business have been accurately recorded in such Books and Records, as applicable, in all material respects. The Books and Records comply with Applicable Laws and policies adopted by the Corporation, in each case in all material respects.

3.1.37 Securities Legislation

The Corporation is a "private issuer" as defined in National Instrument 45-106 – *Prospectus Exemptions*.

3.1.38 No Brokers

No Person is entitled to any brokerage commission, finder's fee or other like payment payable by the Corporation, Kiaro or KBI as a result of arrangements made by or on behalf of the Vendor or the Corporation in connection with the transactions contemplated by this Agreement.

3.1.39 Inventory

The Inventory is in merchantable conditions and is useable and saleable in the ordinary course of business, subject to customary allowances for damaged, defective, slow-moving and outdated items. The Inventory has been stored in all material respect in accordance with Applicable Laws and, to the knowledge of the Vendor, no unusual event has occurred that would have been reasonably likely to spoil or damage a material portion the Inventory (excluding, for greater certainty, spoilage or damage consistent with the past practice of the Business). The Inventory

levels of the Business are maintained at such amounts and in the appropriate mix levels as are necessary for the operation of the Business as currently conducted.

3.1.40 Suppliers

Schedule 3.1.40 to the Disclosure Letter sets forth an accurate and complete list of the names and addresses of the top 10 suppliers (by expenditure), other than the landlord(s) of the Leased Property and utility companies, and suppliers of services or materials contracted for in connection with the build-out of the Locations, from which the Corporation purchased supplies and/or other goods and/or services during the twenty-four (24) month period ended prior to the date of this Agreement. The Corporation and the Vendor, have not received any written notice from, nor does the Vendor have any knowledge that, any such supplier: (i) has ceased, or intends to cease, to supply supplies or other goods or services to the Corporation, (ii) has substantially reduced, or intends to substantially reduce, its supply of supplies, or other goods or services to the Corporation, or (iii) has determined not to or is unable to renew any Contract with the Corporation, or intends to materially change the terms thereof to the detriment of the Corporation.

3.1.41 Confidential Information

The Corporation has taken commercially reasonable steps to protect and maintain the confidentiality and value of, and to enforce their rights in, the Confidential Information. No Person (other than the Corporation and its Representatives) has access to any of the Confidential Information other than pursuant to a binding confidentiality agreement (or employment or other agreement including confidentiality provisions).

3.1.42 Money Laundering

The Corporation has at all times been and is currently in material compliance with all applicable financial record keeping and reporting requirements of all applicable money laundering statutes, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered or enforced by any Governmental Authority.

3.1.43 Environmental Matters

(a) The Corporation and the Business are in compliance in all material respects with all applicable Environmental Laws, including all reporting and monitoring requirements thereunder, and there are no pending or, to the knowledge of the Vendor, any threatened, Actions relating to any Environmental Laws. The Corporation has not received any notice of any non-compliance in respect of Environmental Laws, and there is no Remedial Action pending or, to the knowledge of the Vendor, threatened against the Corporation.

- (b) The Corporation has delivered to KBI copies of all reports, studies, analyses, or tests initiated by or on behalf of or in the possession of the Corporation or the Vendor pertaining to the environmental condition of, Hazardous Materials at, on or under, any Leased Property, or concerning compliance by the Corporation with Environmental Laws.

3.2 Representations and Warranties of KBI and Kiaro

KBI and Kiaro jointly and severally represent and warrant to the Vendor as set out in this Section 3.2 as of the date hereof and as of the Closing Time and acknowledge that the Vendor is relying on those representations and warranties in entering into this Agreement and completing the transactions contemplated by it.

3.2.1 Incorporation and Qualification of KBI and Kiaro

- (a) KBI is a corporation existing under the laws of British Columbia and has the corporate power and capacity to purchase the Purchased Shares from the Vendor and to enter into and perform its obligations under this Agreement and each of the Closing Documents to which it is or is to become a party.
- (b) Kiaro is a corporation existing under the laws of British Columbia and has the corporate power and capacity to enter into and perform its obligations under this Agreement and each of the Closing Documents to which it is or is to become a party.

3.2.2 Authorization by KBI and Kiaro

- (a) The execution and delivery of, and performance by KBI of, this Agreement and the completion of the transactions contemplated by it have been duly authorized by all necessary corporate action on behalf of KBI.
- (b) The execution and delivery of, and performance by Kiaro of, this Agreement and the completion of the transactions contemplated by it (including the issuance of the Kiaro Consideration Shares to the Vendor as contemplated herein) have been duly authorized by all necessary corporate action on behalf of Kiaro and, without limiting the generality of the foregoing, the board of directors of Kiaro has, after receiving advice from its outside financial and legal advisors, (A) has unanimously determined that the transactions contemplated by this Agreement (including the issuance of the Kiaro Consideration Shares) are in the best interests of Kiaro, and (B) recommends that Kiaro Shareholders vote in favour of the Kiaro Shareholder Resolution at the Kiaro Shareholder Meeting.

- (c) Each of the directors and executive officers of Kiaro who beneficially owns, or exercises control or direction over, directly or indirectly, 2% or more of the Kiaro Shares has entered into a Voting Agreement.

3.2.3 Validity of Agreement

- (a) This Agreement and each of the Closing Documents to which KBI is or is to become a party have been or will be duly executed and delivered by KBI and are or will be legal, valid and binding obligations of KBI, enforceable against KBI in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (b) This Agreement and each of the Closing Documents to which Kiaro is or is to become a party have been or will be duly executed and delivered by Kiaro and are or will be legal, valid and binding obligations of Kiaro, enforceable against Kiaro in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.2.4 Kiaro Consideration Shares

The Kiaro Consideration Shares, when issued in accordance with the terms of this Agreement, will be duly and validly created and issued as fully paid and non-assessable shares in the capital of Kiaro. The Kiaro Consideration Shares will be issued in compliance with all Applicable Laws, including, all applicable securities laws, and not in violation of any preemptive rights, rights of first refusal or rights of first offer. At the Closing Time, all conditions required for the conditional listing of the Kiaro Consideration Shares on the TSXV will have been fulfilled (subject to customary post-Closing filings with the TSXV).

3.2.5 No Insolvency or Reorganization Proceedings

None of Kiaro nor any of its Subsidiaries is insolvent and no proceedings have been taken or authorized by Kiaro or any of its Subsidiaries or, to the knowledge of the Kiaro, by any other Person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of Kiaro or any of its Subsidiaries or with respect to any amalgamation, merger, consolidation, arrangement, receivership or reorganization of, or relating to, Kiaro or any of its Subsidiaries, nor, to the knowledge of the Kiaro, have any such proceedings been threatened by any other Person.

3.2.6 Authorized and Issued Capital

The authorized capital of Kiaro as at the date hereof consists of an unlimited number of Kiaro Shares. As of the date hereof, there are (i) 192,530,917 Kiaro Shares issued and outstanding, (ii) 18,822,179 share purchase warrants exercisable to acquire 18,822,179 Kiaro Shares; (iii) 9,736,790 options exercisable to acquire 9,761,790 Kiaro Shares; (iv) \$100,000 principal amount of 8.00% convertible debentures maturing on February 1, 2022 outstanding, which are convertible into an aggregate of 258,067 Kiaro Shares, and (iii) \$700,000 principal amount of 8.00% convertible debentures maturing on May 31, 2022, which are convertible into an aggregate of 2,539,946 Kiaro Shares.

3.2.7 No Other Agreements or Options

Except as disclosed Schedule 3.2.7 of the Kiaro Disclosure Letter, and other than the Vendor pursuant to this Agreement, no Person has any agreement or option or any right or privilege capable of becoming an agreement or option, to acquire any of Kiaro Shares or any other securities of Kiaro or its Subsidiaries. The Corporation does not have outstanding or authorized any share appreciation, phantom share, profit participation or similar rights. Except as disclosed Schedule 3.2.7 of the Kiaro Disclosure Letter, there are no shareholders' agreements, unanimous shareholders' agreements or other security holder agreements governing the affairs of either of Kiaro or KBI or the relationships, rights and/or duties of the shareholders or directors thereof or any voting trusts, pooling arrangements or other similar agreements with respect to the ownership or voting of any shares in the capital stock of Kiaro or KBI.

3.2.8 No Conflicts

The execution and delivery of and performance by KBI and Kiaro of this Agreement, and the consummation of the transactions contemplated by this Agreement, do not and will not result in a breach of, or conflict with:

- (a) the notice of articles or articles of KBI or Kiaro;
- (b) any resolutions of the directors or shareholders of KBI or Kiaro;
- (c) any material Contract to which Kiaro or any of its Subsidiaries is a party;
- (d) any Applicable Laws or any License of Kiaro or any of its Subsidiaries, assuming that the applicable Regulatory Approvals disclosed in Section 3.2.9 are given or obtained (as applicable) in accordance with each such Applicable Law.

3.2.9 Required Regulatory Approvals

Other than TSXV Approval, there is no requirement on the part of Kiaro or any of its Subsidiaries to give or obtain (as applicable) any Regulatory Approval in connection with the lawful completion of the transactions contemplated by this Agreement.

3.2.10 Required Consents

Except for the approval of the Kiaro Shareholders of the Kiaro Shareholder Resolution, there is no requirement on the part of Kiaro or any of its Subsidiaries to give or obtain (as applicable) any Consent in connection with the completion of the transactions contemplated by this Agreement.

3.2.11 Financial Statements

The consolidated financial statements of Kiaro have been prepared in accordance with IFRS and fairly present, in all material respects, the consolidated financial condition of Kiaro and its Subsidiaries as of the dates and throughout the periods indicated.

3.2.12 Business Carried on in Ordinary Course

Notwithstanding anything contained herein, since the date of its most recent annual financial statements until the date of this Agreement, except as set out in Schedule 3.2.12 to the Kiaro Disclosure Letter, Kiaro and its Subsidiaries have carried on their business in the ordinary course and, without limiting the generality of the foregoing, Kiaro and each of its Subsidiaries have not:

- (a) suffered any material deterioration in its relationships with material customers, employees or suppliers;
- (b) transferred, assigned, sold or otherwise disposed of any of its material property or assets, other than sales of Inventory to customers in the ordinary course;
- (c) except as required by Applicable Laws, terminated, discontinued, suspended or reduced its operations in any material respect or closed or disposed of any material facility or business operation;
- (d) suffered any material damage to or destruction or loss of, any material property or asset (whether or not covered by insurance);
- (e) terminated, or amended or renegotiated in a manner adverse to Kiaro or any of its Subsidiaries, any material Contract to which Kiaro or any of its Subsidiaries is bound;

- (f) terminated, transferred or modified any Intellectual and Industrial Property Rights;
- (g) issued, sold, granted or delivered, or entered into any Contract for the issuance, sale, granting or delivery of any shares in its capital stock or any other securities of Kiaro or any of its Subsidiaries, or any rights convertible into or exercisable therefor, or split, combined or reclassified any shares in its capital stock or other securities of Kiaro or any of its Subsidiaries;
- (h) amended or taken any action to amend its articles or notice of articles, or taken any steps (whether by its directors, officers or shareholders) to dissolve, wind-up or otherwise affect its continuing corporate existence, or amalgamate, merge or enter into a similar business combination with any Person;
- (i) adopted a plan of liquidation or resolutions providing for the liquidation or dissolution of the Kiaro or any of its Subsidiaries;
- (j) changed its accounting principles, practices, methods or procedures, including with respect to the management of its working capital, or made any election or designation, or any change in an election or designation, with respect to Taxes, in each case in any material respect;
- (k) suffered a Material Adverse Effect;
- (l) authorized, agreed or become bound to do any of the foregoing.

3.2.13 Non-Arm's Length Transactions

Except as disclosed in Schedule 3.2.13 to the Kiaro Disclosure Letter:

- (a) no Kiaro Interested Person is indebted to Kiaro or any of its Subsidiaries nor is Kiaro or any of its Subsidiaries indebted to any Kiaro Interested Person;
- (b) none of Kiaro or any of its Subsidiaries is a party to any Contract with any Kiaro Interested Person, except for employment agreements entered into in the ordinary course of business;
- (c) no Kiaro Interested Person owns, directly or indirectly, in whole or in part, any property that the Corporation leases or otherwise uses; and

- (d) since the date of its most recent annual financial statements, none of Kiaro nor any of its Subsidiaries has made any payment to, made any loan to, borrowed any money from, or engaged in any transaction with, any Kiaro Interested Person.

3.2.14 No Liabilities

Except as disclosed in Schedule 3.1.18 to the Disclosure Letter, none of Kiaro nor any of its Subsidiaries has any Liabilities except for:

- (a) Liabilities reflected or reserved against in Kiaro's most recent annual financial statements;
- (b) Liabilities under any Contract listed or disclosed in the Schedules to the Kiaro Disclosure Letter (none of which have arisen pursuant to any breach of or default under any such Contract); and
- (c) current Liabilities incurred in the ordinary course of business after the Kiaro's most recent annual financial statements and that are not individually or in the aggregate material to the Business).

3.2.15 Legal Proceedings

- (a) There is no outstanding, pending or, to the knowledge of Kiaro, threatened, Claims against Kiaro or any of its Subsidiaries that would reasonably be expected to adversely affect Kiaro and its Subsidiaries (taken as a whole) in any material respect.
- (b) To the knowledge of Kiaro, there is no fact, occurrence or event which would reasonably be expected form the basis of a Claim against Kiaro or any of its Subsidiaries and that would reasonably be expected to adversely affect Kiaro and its Subsidiaries (taken as a whole) in any material respect.

3.2.16 Compliance with Applicable Laws

Kiaro and its Subsidiaries are and have been, and the business conducted by Kiaro and its Subsidiaries has been conducted and is being conducted, in material compliance with all Applicable Laws. None of Kiaro or any of its Subsidiaries has received any notice of any material violation or alleged material violation of any Applicable Law.

3.2.17 Status of Corporation

Kiaro is a "taxable Canadian corporation" within the meaning of the Tax Act.

3.2.18 Tax Matters

- (a) Kiaro and each of its Subsidiaries has paid all Taxes due under applicable Tax Legislation, including all Taxes shown on their respective Tax Returns as being due and payable and all Taxes payable by any of them under any notice of assessment or reassessment.
- (b) Kiaro and each of its Subsidiaries has deducted, withheld and/or collected and remitted to the relevant Governmental Authority within the applicable time periods prescribed under Applicable Law all Taxes or other amounts required to be deducted, withheld and/or collected and remitted by it.
- (c) Kiaro and each of its Subsidiaries has timely filed or caused to be filed with the applicable Governmental Authorities all Tax Returns required to be filed by it and all such Tax Returns are true and correct in all material respects and have been completed in accordance with applicable Tax Legislation.
- (d) There are no reassessments of Taxes that have been issued to and that are under dispute by Kiaro or any of its Subsidiaries.
- (e) No Governmental Authority has notified Kiaro or any of its Subsidiaries that it is currently challenging or disputing Kiaro in respect of any Taxes or any Tax Returns.

3.2.19 Information and Compliance with Disclosure Requirements

The Information was, as of the date of the applicable document in which it was contained: (a) in compliance in all material respects with the applicable securities laws of the provinces in which Kiaro is a reporting issuer; and (b) did not contain any Misrepresentation. Kiaro is in all material respect in compliance with its continuous disclosure obligations under applicable securities laws of the jurisdictions in which it is a reporting issuer and Kiaro has not filed any confidential material change reports under such laws which have not subsequently become public.

ARTICLE 4 COVENANTS OF THE PARTIES

4.1 Interim Period Covenants of the Vendor

The Vendor hereby covenants as set out in this Section 4.1.

4.1.1 Investigation and Availability of Records; Cooperation

During the Interim Period, the Vendor shall cause the Corporation to permit KBI and its Representatives to have reasonable access to the records, assets, personnel and facilities of the

Corporation (including, for greater certainty, the Books and Records, the Material Contracts and communications in written form received by the Corporation and/or the Vendor from the AGCO, and any other Governmental Authority in respect of the Business), it being understood that those investigations will be carried out during normal business hours upon reasonable advance notice to Vendor and the Corporation, under the supervision of Vendor's or Corporation's personnel and in such a manner as not to interfere with the normal operations of the Corporation or the Vendor.

4.1.2 Conduct of the Business

Except as otherwise expressly provided in this Agreement, during the Interim Period, the Vendor shall cause the Corporation to carry on the Business in the ordinary course and in a manner consistent with past practices, and cause the Corporation to not do any of the following, except in each case (i) as otherwise required or permitted in this Agreement, (ii) with the express written consent of KBI (not to be unreasonably withheld, conditioned or delayed), (iii) as required by Applicable Laws, or (iv) as set out in Schedule 4.1.2 of the Disclosure Letter:

- (a) transfer, assign, sell or otherwise dispose of any of its material property or assets, other than the sale of Inventory in the ordinary course of business;
- (b) terminate, discontinue, suspend or reduce its operations in any material respect or close or dispose of any material facility or business operation;
- (c) except for expenditures with respect to the construction or build-out of the Locations, make or commit to make any capital expenditures or other expenditures in excess of \$25,000 in the aggregate;
- (d) discharge or satisfy any Lien or pay any Indebtedness (other than intercompany Indebtedness or trade payables), except in the ordinary course of business;
- (e) except for expenditures with respect to the construction or build-out of the Locations, incur any Indebtedness (other than trade payables in the ordinary course) or take any action that would result the imposition of any Lien on or relating to any of its property, assets or undertaking, other than Permitted Liens;
- (f) voluntarily recognize a trade union as a representative of any Employee(s);
- (g) except for expenditures with respect to the construction or build-out of the Locations, directly or indirectly engage in any transaction (including the making of a payment), or enter into any Contract or arrangement, with the Vendor or any other Corporation Interested

Person, except for ordinary course compensation and/or benefit arrangements that are not otherwise restricted by this Agreement;

- (h) enter into any Collective Agreement;
- (i) cancel any debts or claims or amend, terminate or waive any rights of value to it;
- (j) amend, modify or terminate any Employee Benefit Plan in any material respect;
- (k) make any material wage, salary or other compensation increase in respect of any Employee earning an annual salary in excess of \$40,000, except in the ordinary course;
- (l) except for expenditures with respect to the construction or build-out of the Locations, terminate or amend in a manner adverse to the Corporation any policy of insurance by or for its benefit;
- (m) declare or pay any dividends or other distribution or return of capital on any of its outstanding securities or redeem, purchase or otherwise acquire any of its outstanding securities that as a result would adversely impact the Target Working Capital;
- (n) terminate, or amend or renegotiate in a manner adverse to the Corporation, any Material Contract;
- (o) except for expenditures with respect to the construction or build-out of the Locations, enter into a Material Contract;
- (p) terminate, transfer or modify any Intellectual and Industrial Property Rights;
- (q) issue, sell, grant or deliver, or enter into any Contract for the issuance, sale, granting or delivery of any shares in its capital stock or any other securities of the Corporation, or any rights convertible into or exercisable therefor, or split, combine or reclassify any shares in its capital stock or other securities of the Corporation;
- (r) amend or take any action to amend its articles or by-laws or take any steps (whether by its directors, officers, or shareholders) to dissolve, wind-up or otherwise affect its continuing corporate existence, or amalgamate, merge or enter into a similar business combination with any Person; and
- (s) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Corporation;

- (t) change its accounting principles, practices, methods or procedures, including, with respect to the management of its working capital, or make any election or designation, or change in an election or designation, with respect to Taxes, in each case in any material respect;
- (u) take or omit to take, any action that would reasonably be expected to result in the occurrence of a Material Adverse Effect;
- (v) breach or contravene any Applicable Law in any material respect;
- (w) enter into any transaction that could materially delay or otherwise impede the consummation of the transactions contemplated by this Agreement;
- (x) fail to use its commercially reasonable efforts to take such steps and actions (including the payment of all customary fees and expenses payable to any Governmental Authority or other customary and commercially reasonable fees and expenses) as are necessary to obtain, and maintain in good standing, Retail Store Authorizations for any of the Leased Property for which a Retail Store Authorization has not been issued as of the date of this Agreement;
- (y) fail to renew or otherwise keep in full force and effect and maintain in good standing any material License relating to the Business, including all Retail Operator Licences and Retail Store Authorizations;
- (z) take any action or fail to take any action which results in the security deposit or portion thereof deposited with respect to any Lease to be applied in respect of a breach or default under such Lease unless such amount is redeposited in full prior to the Closing and remaining for the benefit of the Corporation following Closing or is otherwise accounted for in the calculation of Closing Working Capital; or
- (aa) authorize, agree or become bound to do any of the foregoing.

The Corporation and the Vendor further agree to use their commercially reasonable efforts to (a) preserve intact the business organization and goodwill of the Business, (b) maintain the Corporation's relationships with its customers, the Landlords under the Leases and other Persons having business dealings with the Corporation; and (c) maintain such levels of Inventory as are sufficient to operate in the Business in the ordinary course.

4.1.3 Tax Matters

The Vendor shall ensure that, during the Interim Period, the Corporation:

- (a) duly pays, within the prescribed time, all Taxes that become due and payable by it on or before the Closing Date and all Taxes payable by it under any notice of assessment or reassessment received prior to the Closing Date, and files all Tax Returns required to be filed by it on or prior to the Closing Date;
- (b) makes adequate provision in the Books and Records for the Taxes thereof that relate to any and all periods ending on or before the Closing Date (including any Taxes thereof arising as a consequence of the Closing) but that are not yet due and payable and for which Tax Returns are not yet required to be filed;
- (c) withholds from each payment made by it the amount of all Taxes and other deductions required under any applicable Tax Legislation to be withheld therefrom and pays all those amounts to the relevant Governmental Authority within the time prescribed under any applicable Tax Legislation; and
- (d) refrains from entering into any arrangements to provide for an extension of time with respect to any assessment or reassessment of Taxes, the filing of any Tax Return or the payment of any Taxes, without the prior written consent of KBI.

4.1.4 Actions to Satisfy Closing Conditions

During the Interim Period, each of the Vendor and the Corporation shall take all commercially reasonable actions as are within their power to control, and use commercially reasonable efforts to cause other actions to be taken which are not within their power to control, to ensure the satisfaction of all of the conditions set out in Section 5.1.

4.1.5 Notice of Certain Matters

During the Interim Period, the Vendor shall promptly notify KBI in writing upon becoming aware that: (a) any representation or warranty made by it contained in this Agreement has become untrue or incorrect in any material respect; (b) the Vendor or the Corporation has failed to perform or satisfy any covenant required to be performed or satisfied by any of them; (c) any notice or other communication from any Governmental Authority with respect to the transactions contemplated by this Agreement or relating to any License held or applied for by the Corporation or the Vendor relating to the Business, including all Retail Operator Licences and Retail Store Authorizations; or (d) an event has occurred or has failed to occur which would reasonably be expected to result in the failure of any of the conditions set forth in Section 5.1 to be satisfied on or prior to the Termination Date. Any such notice will set out particulars of the untrue or incorrect representation or warranty, unperformed or unsatisfied covenant, or event (or lack thereof) that would reasonably

be expected to result in the failure of any of the conditions set forth in Section 5.1 to be satisfied (as applicable), and details of any actions being taken by the Vendor or the Corporation to rectify the matter, if any. The delivery of any notice pursuant to this Section 4.1.5 does not limit or otherwise affect the remedies available to KBI or Kiaro under this Agreement, or the representations or warranties or covenants of, or the conditions to the obligations of, any of the Parties hereunder; *provided that* if Kiaro or KBI has the right, but does not elect to, terminate this Agreement within ten (10) Business Days following KBI's receipt of such notice, then KBI and Kiaro shall have irrevocably waived any right to terminate this Agreement with respect to such matter.

4.1.6 Insurance

During the Interim Period, each of the Vendor and the Corporation shall use commercially reasonable efforts to obtain content and general liability insurance in respect of the Other Locations.

4.2 Interim Period Covenants of Kiaro and KBI

Kiaro and KBI hereby covenant as set out in this Section 4.2.

4.2.1 Investigation and Availability of Records; Cooperation

During the Interim Period, Kiaro and KBI shall permit the Vendor and its Representatives to have reasonable access to the records, assets, personnel and facilities of Kiaro and KBI (including, for greater certainty, the books and records of Kiaro and its Subsidiaries, their respective material Contracts and communications in written form received by Kiaro or any of its Subsidiaries from the AGCO, and any other Governmental Authority in respect of the transactions contemplated by this Agreement), it being understood that those investigations will be carried out during normal business hours upon reasonable advance notice to Kiaro and KBI, under the supervision of Kiaro's or KBI's personnel and in such a manner as not to interfere with the normal operations of Kiaro or KBI.

4.2.2 Conduct of the Business

Except as otherwise expressly provided in this Agreement, during the Interim Period, Kiaro and KBI shall, and shall cause their Subsidiaries to, to carry on their business in the ordinary course and in a manner consistent with past practices, and not do, and cause each of their Subsidiaries not to do any of the following, except in each case (i) as otherwise permitted or required by this Agreement, (ii) with the express written consent of the Vendor (not to be unreasonably withheld, conditioned or delayed), (iii) as required by Applicable Laws, or (iv) as set out in Schedule 4.1.2 of the Kiaro Disclosure Letter:

- (a) terminate, or amend or renegotiate in a manner adverse to Kiaro or any of its Subsidiaries, any material Contract to which any of them are bound;
- (b) issue, sell, grant or deliver, or entered into any Contract for the issuance, sale, granting or delivery of any shares in its capital stock or any other securities of Kiaro or any of its Subsidiaries, or any rights convertible into or exercisable therefor, or split, combine or reclassify any shares in its capital stock or other securities of Kiaro or any of its Subsidiaries;
- (c) amend or take any action to amend its notice of articles or articles or take any steps (whether by its directors, officers, or shareholders) to dissolve, wind-up or otherwise affect its continuing corporate existence, or amalgamate, merge or enter into a similar business combination with any Person;
- (d) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Kiaro or any of its Subsidiaries;
- (e) change its accounting principles, practices, methods or procedures, including, with respect to the management of its working capital, or make any election or designation, or change in an election or designation, with respect to Taxes, in each case in any material respect;
- (f) take or omit to take, any action that would reasonably be expected to result in the occurrence of a Kiaro Material Adverse Effect;
- (g) breach or contravene any Applicable Law in any material respect;
- (h) enter into any transaction that could materially delay or otherwise impede the consummation of the transactions contemplated by this Agreement; or
- (i) authorize, agree or become bound to do any of the foregoing.

4.2.3 Actions to Satisfy Closing Conditions

During the Interim Period, KBI and Kiaro shall take all commercially reasonable actions as are within its power to control, and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, to ensure the satisfaction of the conditions set out in Section 5.2.

4.2.4 Notice of Certain Matters

During the Interim Period, KBI and Kiaro shall promptly notify the Vendor in writing upon becoming aware that: (a) any representation or warranty made by either of them contained in this Agreement has become untrue or incorrect in any material respect; (b) it has failed to perform or satisfy any covenant required to be performed or satisfied by it; (c) any notice or other communication from any Governmental Authority with respect to the transactions contemplated by this Agreement, or (d) an event has occurred or has failed to occur which could reasonably be expected to result in the failure of any of the conditions set forth in Section 5.2 to be satisfied. Any such notice will set out particulars of the untrue or incorrect representation or warranty, unperformed or unsatisfied covenant, or event (or lack thereof) that could reasonably be expected to result in the failure of any of the conditions set forth in Section 5.2 to be satisfied, and details of any actions being taken by KBI to rectify the matter, if any. For greater certainty, the delivery of any notice pursuant to this Section 4.2.4 does not limit or otherwise affect the remedies available to the Vendor under this Agreement, or the representations or warranties or covenants of, or the conditions to the obligations of, any of the Parties hereunder, *provided that* if the Vendor has the right, but does not elect to, terminate this Agreement within ten (10) Business Days following its receipt of such notice, then the Vendor shall have irrevocably waived any right to terminate this Agreement with respect to such matter.

4.2.5 Employment Arrangements

KBI shall, no later than fifteen (15) Business Days following the date of this Agreement, offer or cause to offer employment with KBI or any of its Affiliates as of the Closing Time (including, for greater certainty, the Corporation), effective as at the Closing Time, to Jenn Juby on the terms and conditions set forth in the form of employment agreement attached as Exhibit F hereto.

4.2.6 Personal Information Privacy

Kiaro and KBI shall at all times comply in all material respects with all Applicable Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to Kiaro or KBI by the Vendor or the Corporation in connection with the transactions contemplated by this Agreement. Kiaro and KBI shall only collect, use or disclose such Personal Information for the purposes of investigating the Corporation and its business as contemplated by this Agreement and completing the transactions contemplated in this Agreement. Kiaro and KBI shall safeguard all Personal Information collected from the Vendor or the Corporation in a manner consistent with the degree of sensitivity of the Personal Information and maintain at all times the security and integrity of the Personal Information. Neither Kiaro nor KBI shall make (and shall cause their Affiliates and their respective Representatives not to make) copies of the Personal Information

or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the purchase of the Purchased Shares is not completed for any reason and shall return all Personal Information to Vendor or destroy such Personal Information at Vendor's request.

4.2.7 Kiaro Circular

- (i) Kiaro shall, as promptly as reasonably practicable, prepare and complete, in consultation with the Vendor as contemplated by this Section 4.2.7, the Kiaro Circular, together with any other documents required by Applicable Laws in connection with the Kiaro Shareholder Meeting, and Kiaro shall, as promptly as reasonably practicable after the date of this Agreement, cause the Kiaro Circular and such documents to be filed with the Canadian securities regulators or any other Governmental Authority and sent to each Kiaro Shareholder and other Persons, in each case as required by Applicable Laws, in each case so as to permit the Kiaro Shareholder Meeting to be held in accordance with Section 4.2.8.
- (ii) Kiaro shall ensure that the Kiaro Circular complies, in all material respects with Applicable Laws, does not contain a Misrepresentation (other than with respect to any information that is furnished by or on behalf of Vendor for inclusion in the Kiaro Circular pursuant to Section 4.2.7(iii)) and provides the Kiaro Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before the Kiaro Shareholder Meeting. Without limiting the generality of the foregoing, but subject to the terms of this Agreement, the Kiaro Circular must include:
 - (A) a statement that the board of directors of Kiaro, after receiving advice from its outside legal advisors, (A) has unanimously determined that the transactions contemplated by this Agreement (including the issuance of the Kiaro Consideration Shares) are in the best interests of Kiaro, and (B) recommends that Kiaro Shareholders vote in favour of the Kiaro Shareholder Resolution at the Kiaro Shareholder Meeting; and
 - (B) a statement that each of the directors and executive officers that beneficially owns, or exercises control or direction over, directly or indirectly, 2% or more of the Kiaro Shares has entered into a Voting Agreement pursuant to which such director or executive officer has agreed to vote all of such Kiaro Shares in favour of the Kiaro Shareholder Resolution in accordance with the terms of the Voting Agreement.

- (iii) The Vendor shall provide to Kiaro all necessary information concerning the Vendor and the Corporation that is required by Applicable Laws to be included in the Kiaro Circular and ensure that such information does not contain a Misrepresentation concerning the Vendor or the Corporation.
- (iv) Kiaro and KBI shall allow the Vendor and its outside legal counsel a reasonable opportunity to review and comment on drafts of the Kiaro Circular and other related documents and shall give reasonable consideration to any comments made by the Vendor and its outside legal counsel and agrees that all information relating solely to the Vendor or the Corporation that is furnished by or on behalf of the Vendor for inclusion in the Kiaro Circular or other related documents must be in a form and content satisfactory to the Vendor, acting reasonably. Kiaro shall provide the Vendor with final copies of the Kiaro Circular prior to its mailing to the Kiaro Shareholders.
- (v) Each Party shall promptly notify the other Party if it becomes aware that the Kiaro Circular contains a Misrepresentation or otherwise requires an amendment or supplement and the Parties shall co-operate in the preparation of any amendment or supplement to the Kiaro Circular as required or appropriate and Kiaro shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Kiaro Circular to the Persons to whom the Kiaro Circular was sent pursuant to Section 4.2.7(i) and, if required by Applicable Laws, file the same with the Canadian securities regulators or any other Governmental Authority as required.

4.2.8 Kiaro Shareholder Meeting

Kiaro shall:

- (a) convene and conduct the Kiaro Shareholder Meeting in accordance with Kiaro's constating documents and Applicable Laws as promptly as practicable (including by using its commercially reasonable efforts to convene and conduct the Kiaro Shareholder Meeting by August 30, 2021, but in any event not later than September 15, 2021) and not to adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Kiaro Shareholder Meeting without the prior written consent of the Vendor except as:
 - (i) required for quorum purposes (in which case, the Kiaro Shareholder Meeting shall be adjourned and not cancelled); or
 - (ii) required by Applicable Laws or a Governmental Authority;

- (b) use its commercially reasonable efforts to solicit proxies in favour of the approval of the Kiaro Shareholder Resolution and against any resolution submitted by any Person that is inconsistent with the Kiaro Shareholder Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Vendor, using established proxy solicitation services firms and co-operating with any Persons engaged by the Vendor to solicit proxies in favour of the Kiaro Shareholder Resolution and against any resolution submitted by any Person that is inconsistent with the Kiaro Shareholder Resolution;
- (c) promptly provide the Vendor with copies of or access to information regarding the Kiaro Shareholder Meeting generated by the Kiaro's transfer agent or any proxy solicitation services firm retained by Kiaro, as reasonably requested from time to time by the Vendor;
- (d) give notice to the Vendor of the Kiaro Shareholder Meeting, and allow the Vendor's Representatives and outside legal counsel to attend the Kiaro Shareholder Meeting;
- (e) promptly advise the Vendor, at such times as the Vendor may reasonably request and on a daily basis on each of the last ten (10) Business Days prior to the date of the Kiaro Shareholder Meeting, as to the aggregate tally of proxies (for greater certainty, specifying votes "for" and votes "against" the Kiaro Shareholder Resolution) received by Kiaro in respect of the Kiaro Shareholder Resolution;
- (f) promptly advise the Vendor of any communication (written or oral) received from, or claims brought by (or, to the knowledge of Kiaro, threatened to be brought by), any Person in opposition to the transaction contemplated by this Agreement and, subject to Applicable Laws, provide the Vendor with an opportunity to review and comment upon any written communication sent by or on behalf of Kiaro or its Representatives to any such Person and to participate in any discussions, negotiations or proceedings with or including any such Persons;
- (g) not, without the Vendor's prior written consent, change the record date for the Kiaro Shareholders entitled to receive notice of and to vote at the Kiaro Shareholder Meeting (including in connection with any adjournment or postponement of the Kiaro Shareholder Meeting) unless required by Applicable Laws; and
- (h) at the request of the Vendor from time to time, provide the Vendor with a list of the: (i) registered Kiaro Shareholders, together with their addresses and respective holdings of Kiaro Shares; (ii) names, addresses and holdings of all Persons owning securities that entitle the holder to subscribe for or otherwise acquire Kiaro Shares; and (iii) participants

and book-based nominee registrants, such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Kiaro Shares, together with their addresses and respective holdings of Kiaro Shares, all as of a date that is as close as reasonably practicable to the date of delivery of such lists, and shall from time to time require that its registrar and transfer agent furnish the Vendor with such additional information, including updated or additional lists of Kiaro Shareholders and lists of securities positions and other assistance as the Vendor may reasonably request.

4.2.9 Other Location Note

Kiaro shall use its commercially reasonable efforts to discharge, to the maximum extent possible, the Other Location Note with proceeds from any future equity or debt financing.

4.3 Additional Interim Period Covenants of the Parties

Each Party hereby covenants as set out in this Section 4.3.

4.3.1 Consents and Regulatory Approvals

- (a) The Vendor shall use its commercially reasonable efforts to give or obtain (as applicable), and shall cause the Corporation to use commercially reasonable efforts to give or obtain (as applicable) as soon as reasonably practicable following the date of this Agreement, all:
 - (i) the AGCO Approval, and
 - (ii) Consents that are identified in Schedule 3.1.7 to the Disclosure Letter (it being understood that neither the Vendor nor the Corporation shall have any obligation to pay any consideration to any third Person from whom any Consent identified in Schedule 3.1.7 is required).
- (b) Kiaro shall use its commercially reasonable efforts to obtain the TSXV Approval as soon as reasonably practicable following the date of this Agreement.
- (c) The Parties shall co-operate in good faith with each other and their respective Representatives for the purpose of the Vendor and the Corporation giving or obtaining (as applicable) the relevant Consents and Regulatory Approvals noted in Section 4.3.1(a) and (b) above, and no Party shall wilfully take any action that will have the effect of delaying, impairing or impeding the receipt of any such required consents, authorizations, orders and approvals.
- (d) Without limiting the generality of the foregoing, with respect to the Regulatory Approvals noted in Section 4.3.1(a) and (b), the Parties shall:

- (i) co-operate and consult with each other in connection with the preparation of any consent requests, notices, filings, applications or other similar documents and keep each other reasonably informed of the status of such consent requests, notices, filings, applications and other similar documents;
- (ii) provide to the applicable Party all such information as may be reasonably requested by such Party in connection with the preparation of any consent requests, notices, filings, applications and other similar documents;
- (iii) consult with each other regarding the content of all material communications with Governmental Authorities;
- (iv) consult and co-operate with each other in connection with any meetings with Governmental Authorities; and
- (v) provide each other with advance copies and reasonable opportunity to comment on all documents and information to be supplied to or filed with Governmental Authorities.

4.3.2 Cooperation

The Parties shall reasonably co-operate in good faith with each other and their respective Representatives in connection with any steps required to consummate the transaction contemplated by this Agreement.

4.3.3 Notice of Untrue Representation

Without limiting the Parties' respective rights and remedies under Sections 4.1.5 and 4.2.4 and without limiting the strict application of Section 9.13 [Amendment], in the event that a notice is delivered on behalf of the Vendor pursuant to Section 4.1.5, on the one hand, or KBI or Kiaro pursuant to Section 4.2.4 on the other hand, Representatives of the Vendor and KBI shall promptly discuss in good faith the nature of the breach or the circumstances or events which could reasonably be expected to result in any of the conditions set forth in section Sections 5.1 or 5.2 (as the case may be) being unable to be satisfied, with a view of determining whether or not there is a mutually acceptable approach to dealing with the matter set out in such notice.

4.3.4 Tax Matters

- (a) The Vendor shall cause to be prepared, in a manner which is consistent with the past practices of the Corporation (including claims for reasonable deductions), and file in a

timely fashion all Tax Returns required under any applicable Tax Legislation to be filed by the Corporation for any period ending on or before the Closing Date (including as a consequence of Closing) and for which applicable Tax Returns have not been filed as of that date (the “**Pre-Closing Returns**”). Kiaro and the Vendor shall co-operate fully in good faith with each other and make available to each other in a timely fashion any information in their respective possession and that is reasonably required for the preparation and filing of the Pre-Closing Returns, and shall preserve that information in their respective possession until the expiration of any applicable limitation period under any applicable Tax Legislation. No later than twenty (20) Business Days prior to the applicable deadline for filing any Pre-Closing Return with any Governmental Authority, the Vendor shall provide to Kiaro a copy of the applicable Pre-Closing Return for its review and approval. Kiaro shall provide comments (if any) in respect of any Pre-Closing Return in writing to the Vendor within ten (10) Business Days of receipt thereof and the Vendor shall consider such comments, acting reasonably. Each of the Vendor and Kiaro shall bear 50% of the cost of preparing such Pre-Closing Returns.

- (b) The Vendor and Kiaro agree to jointly execute (or amend) and file all such agreements, elections and other documents and take all such further steps and proceedings as may be necessary or advisable in order that the Purchased Shares be transferred from the Vendor to Kiaro in accordance with the rules set out in subsection 85(1) of the Tax Act and the analogous provisions of any applicable provincial income tax legislation. The elected amount in such election shall be determined in the Vendor’s sole discretion so long as it complies with the applicable legislation, provided that such amount will not be less than \$2,000,000.00. Such election may be made, and amended, at any time at or before the time prescribed in subsection 85(6) of the Tax Act, provided that the Vendor is responsible for any late filing costs or penalties.
- (c) The Parties hereto intend that the conditions set forth in subsection 56.4(7) of the Tax Act have been satisfied such that subsection 56.4(5) of the Tax Act applies to any “restrictive covenants” (as defined in subsection 56.4(1) of the Tax Act) granted by Vendor under this Agreement and the Non-Competition and Non-Solicitation Agreement with respect to the Business (collectively, the “**Restrictive Covenants**”). Accordingly, the Parties hereto acknowledge and agree that: (i) no proceeds are or shall be received or receivable nor allocated by Vendor for granting the Restrictive Covenants for purposes of subsection 56.4(7)(d) of the Tax Act; and (ii) the Restrictive Covenants are integral to this Agreement and have been granted by Vendor to maintain or preserve the fair market value of the Purchased Shares.

**ARTICLE 5
CONDITIONS OF CLOSING**

5.1 Conditions for the Benefit of KBI

The transactions contemplated by this Agreement, including the sale and purchase of the Purchased Shares, are subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the conditions in this Section 5.1, each of which is for the exclusive benefit of KBI and may be waived, in whole or in part, by KBI in its sole discretion.

5.1.1 Representations, Warranties and Covenants of the Vendor

- (a) The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects as of the Closing Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date and, for the purpose of this paragraph (a), any reference to “material”, “Material Adverse Effect” or other concepts of materiality in such representations and warranties shall be disregarded), and the Vendor will have executed and delivered a certificate to that effect.
- (b) The Vendor will have performed or complied with, in all material respects, all obligations and covenants contained in this Agreement to be performed or complied with by it at or prior to the Closing Time, and the Vendor will have executed and delivered a certificate to that effect.

5.1.2 Deliveries of the Vendor

At the Closing Time, the Vendor shall have delivered to KBI:

- (a) certified copies of: (i) the constating documents of the Corporation; and (ii) resolutions of the board of directors of the Corporation, and the directors of the Vendor, authorizing the completion of the transactions contemplated by this Agreement;
- (b) a certificate of status or compliance (as applicable) with respect to the Corporation issued by the appropriate Governmental Authority in its respective jurisdiction of incorporation;
- (c) the certificates referred to in Sections 5.1.1(a) and 5.1.1(b);
- (d) evidence of the discharge of all Liens (other than Permitted Liens) registered against the Corporation, if any, as may reasonably be requested by KBI;

- (e) duly executed resignations and mutual releases (as applicable), in the forms set forth in Exhibit E, effective as at the Closing Time, of the Vendor and those directors and officers of the Corporation specified by KBI which shall provide for a release of all claims they may have against the Corporation, which release shall not release the Corporation from (i) any indemnification obligation to an officer or director for such service at any time prior to Closing; or (ii) Claims otherwise permitted to be brought under this Agreement;
- (f) certificates representing the Purchased Shares duly endorsed to KBI for transfer, or accompanied by irrevocable security transfer powers of attorney in favour of KBI;
- (g) the Investor Rights Agreement, duly executed by the Vendor;
- (h) the non-competition and non-solicitation agreement among KBI, Kiara and the Vendor in the form set forth in Exhibit C (the "**Non-Competition and Non-Solicitation Agreement**") duly executed by the Vendor;
- (i) evidence of the Consents and Regulatory Approvals referenced in Section 5.1.3 below;
- (j) in connection with the Leased Property, to the extent not previously made available, all (i) Consents from each of the Landlords in connection with any Lease that prohibits the transactions contemplated by this Agreement and/or the transactions contemplated by this Agreement trigger any termination rights in favour of the Landlord, as well as any Lease that requires the Landlord's consent to changes regarding the layout, branding or tradename of a Leased Property; (ii) leases, renewals, extensions which are currently under negotiation by the Corporation but which were not executed or delivered in fully executed form as of the date hereof, (iii) copies, if any, of any non-disturbance agreements with secured creditors of the Landlord of the Leased Property, and (iv) any other leases, extensions, renewals, consents and other documentation entered into or applicable to the Leased Property; and
- (k) a waiver of the Vendor's indemnification rights as against the Corporation under Section 3.2(b) of the consent and assignment of lease dated February 27, 2020 among the Corporation, the Vendor and Golpro Holdings Inc., in form and substance satisfactory to KBI, acting reasonably, solely in connection with the non-payment of rent or non-observance or non-performance of covenants and conditions or any other breach or Claim occurring or arising out of any fact, matter or event occurring prior to Closing.

5.1.3 Consents

All Consents described in Schedule 5.1.3 to the Disclosure Letter shall have been given or obtained.

5.1.4 No Legal Proceedings

As at the Closing Time, no Order shall have been made and no Legal Proceeding shall have been commenced or shall have been threatened in writing against any Party for the purpose of enjoining, restricting or prohibiting the completion of the transactions contemplated by this Agreement.

5.1.5 No Material Adverse Effect

As at the Closing Time, there shall not have been any Material Adverse Effect since the date of this Agreement.

5.1.6 No Liens

As at the Closing Time, the Purchased Shares and all of the issued and outstanding shares in the capital stock of the Corporation shall be free and clear of all Liens.

5.1.7 TSXV Approval

Kiaro shall have obtained the TSXV Approval required for the completion of the transactions contemplated by this Agreement.

5.1.8 AGCO Approval

The AGCO Approval shall have been obtained.

5.1.9 Kiaro Shareholder Resolution

The Kiaro Shareholder Resolution shall have been approved and adopted at the Kiaro Shareholder Meeting.

5.2 **Conditions for the Benefit of the Vendor**

The transactions contemplated by this Agreement, including the sale and purchase of the Purchased Shares, are subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the conditions in this Section 5.2, each of which is for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor.

5.2.1 Representations, Warranties and Covenants of KBI and Kiaro

- (a) The representations and warranties of KBI and Kiaro contained in this Agreement shall be true and correct in all material respects as of the Closing Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date and, for the purpose of this paragraph (a), any reference to “material”, “Kiaro Material Adverse Effect” or other concepts of materiality in such representations and warranties shall be disregarded), and each of KBI and Kiaro will have executed and delivered a certificate to that effect.
- (b) KBI and Kiaro will have performed or complied with, in all material respects, all obligations and covenants contained in this Agreement to be performed or complied with by them at or prior to the Closing Time, and each of KBI and Kiaro will have executed and delivered a certificate to that effect.

5.2.2 Deliveries of KBI

At the Closing Time, KBI and Kiaro shall have delivered to the Vendor:

- (a) a certified copy of the resolutions of the board of directors of KBI and Kiaro authorizing the entering into and completion of the transactions contemplated by this Agreement;
- (b) the certificates referred to in Sections 5.2.1(a) and 5.2.1(b);
- (c) share certificates representing the Initial Kiaro Consideration Shares in the name of the Vendor;
- (d) the Kiaro Warrant Certificate, duly executed by Kiaro;
- (e) the Investor Rights Agreement, duly executed by Kiaro;
- (f) the Non-Competition and Non-Solicitation Agreement, duly executed by KBI and Kiaro; and
- (g) copies of the mutual releases referenced in Section 5.1.2(e), duly executed by KBI and Kiaro.

5.2.3 Consents

All Consents described in Schedule 5.1.3 to the Disclosure Letter shall have been given or obtained.

5.2.4 No Legal Proceedings

As at the Closing Time, no Order shall have been made and no Legal Proceeding shall have been commenced or shall have been threatened in writing against any Party against any Party for the purpose of enjoining, restricting or prohibiting the completion of the transactions contemplated by this Agreement.

5.2.5 No Kiaro Material Adverse Effect

As at the Closing Time, there shall not have been any Kiaro Material Adverse Effect since the date of this Agreement.

5.2.6 TSXV Approval

Kiaro shall have obtained the TSXV Approval required for the completion of the transactions contemplated by this Agreement prior to the Closing Time.

5.2.7 Kiaro Shareholder Resolution

The Kiaro Shareholder Resolution shall have been approved and adopted at the Kiaro Shareholder Meeting.

5.2.8 AGCO Approval

The AGCO Approval shall have been obtained.

5.2.9 Employment Matters

KBI shall have offered, or caused an Affiliate of KBI to offer, employment effective as at the Closing Time, to Jenn Juby on terms and conditions that are no less favourable than the terms and conditions set forth in the form of employment agreement attached as Exhibit F hereto, in accordance with Section 4.2.5.

5.3 **Waiver of Conditions**

KBI may waive, in whole or in part, at any time by notice in writing to the Vendor, any condition in Section 5.1 that is for its benefit. The Vendor may waive, in whole or in part, at any time by notice in writing to KBI, any condition in Section 5.2 that is for the benefit of the Vendor. No such waiver by KBI or by the Vendor, as the case may be, of any condition, in whole or in part, will operate as a waiver of any other condition or of the rights of termination in favour of KBI or in favour of the Vendor, as the case may be, in the event of the non-fulfilment of any other condition, in whole or in part.

**ARTICLE 6
CLOSING ARRANGEMENTS**

6.1 Date, Place and Time of Closing

The Closing will take place take place remotely via the electronic exchange of documents and signatures in “pdf” format at, and shall deemed to be effective as of the Closing Time, or at such other time or place as may be agreed upon in writing by KBI and the Vendor.

**ARTICLE 7
TERMINATION**

7.1 Termination Rights

Notwithstanding anything contained in this Agreement to the contrary, at any time prior to the Closing, this Agreement may be terminated:

- (a) by either KBI or the Vendor, on written notice to the other Party, if the Kiara Shareholder Resolution is not approved by the Kiara Shareholders at the Kiara Shareholder Meeting, provided that such failure did not result from the failure of the terminating Party or its Affiliates to fulfill any covenant, undertaking or commitment provided for herein that is required to be fulfilled by such Party or its Affiliates under this Agreement;
- (b) by the Vendor, upon written notice to KBI if any of the conditions set forth in Section 5.2 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Termination Date, and such failure did not result from the failure of the Vendor to fulfill any covenant, undertaking or commitment provided for herein that is required to be fulfilled by the Vendor prior to the Closing;
- (c) by KBI, upon written notice given to the Vendor, if any of the conditions set forth in Section 5.1 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Termination Date, and such failure did not result from the failure of KBI to fulfill any covenant undertaking or commitment provided for herein that is required to be fulfilled by KBI or Kiara prior to the Closing;
- (d) by the Vendor, if KBI or Kiara shall have breached any of their representations, warranties, covenants or agreements set forth in this Agreement, which breach: (i) would give rise to the inability to fulfil a condition set forth in Section 5.2; and (ii) remains uncured on the date which is fifteen (15) days following KBI’s receipt of written notice thereof from the Vendor, on behalf of the Vendor (and the Termination Date shall be automatically extended until the Business Day following such date, if necessary);

- (e) by KBI if the Vendor shall have breached any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach: (i) would give rise to the inability to fulfil a condition set forth in Section 5.1; and (ii) remains uncured on the date which is fifteen (15) days following the Vendor's receipt of written notice thereof from KBI (and the Termination Date shall be automatically extended until the Business Day following such date, if necessary);
- (f) by KBI or the Vendor, in the event that any Order or Applicable Law becomes effective restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated hereunder (and, in the case of an Order, such Order shall have become final and non-appealable); or
- (g) by the mutual written agreement of the Vendor and KBI upon the terms of that agreement.

7.2 Effect of Exercise of Termination Rights

If this Agreement is terminated under Section 7.1, this Agreement will be of no further force or effect and the Parties will be discharged from any further obligations under this Agreement, except that this Section 7.2 and Section 9.1, Section 9.2 and Sections 9.4 through 9.17 and all of the obligations thereunder will continue indefinitely and nothing in this Section 7.2 will relieve any Party of liability for any intentional breach of this Agreement occurring prior to the termination of this Agreement or fraud.

ARTICLE 8 SURVIVAL AND INDEMNIFICATION

8.1 Survival of Representations, Warranties and Covenants

- (a) The representations and warranties of each Party contained in this Agreement and in the certificates to be delivered under Sections 5.1.1(a), 5.1.1(b), 5.2.1(a) and 5.2.1(b) will not merge on and will survive the Closing and will continue in full force and effect, notwithstanding the Closing.
- (b) The covenants the Vendor contained in this Agreement will survive the Closing and, notwithstanding the Closing, will continue in full force and effect.
- (c) The covenants of KBI and Kiaro contained in this Agreement will survive the Closing and, notwithstanding the Closing, will continue in full force and effect.

8.2 Indemnification by the Vendor

Subject to Section 8.4 and Section 8.5, the Vendor shall indemnify and save each Kiaro Indemnified Party harmless against any and all Damages suffered or incurred by it arising from or in connection with:

- (a) the failure of any of the representations or warranties of the Vendor contained in this Agreement and in any certificate to be delivered under Section 5.1.1(a) or Section 5.1.1(b), to be true and accurate in all respects;
- (b) any breach or non-fulfillment of any covenant or obligation on the part the Vendor contained in this Agreement;
- (c) any cash Taxes that are payable or required to be remitted by the Corporation in respect of any period of time ending on or before the Closing Date to the extent not (i) already paid or remitted by the Corporation, or (ii) accrued by the Corporation and reflected in Closing Working Capital or Closing Debt (in each case, as finally determined in accordance with Section 2.6); and
- (d) any severance payments, termination pay, or similar costs in respect of the termination of employees by the Corporation during the period prior to the Closing Time.

8.3 Indemnification by Kiaro and KBI

Subject to Section 8.4 and Section 8.5, KBI and Kiaro shall jointly and severally indemnify and save each Vendor Indemnified Party harmless against any Damages suffered or incurred by it arising from or in connection with:

- (a) the failure of any of the representations or warranties of KBI or Kiaro contained in this Agreement to be true and accurate;
- (b) any breach or non-fulfillment of any covenant or obligation on the part of KBI or Kiaro contained in this Agreement; and/or
- (c) the Leases or the Leased Property, for any fact, matter or event that occurs following Closing.

8.4 Limitations on Amount of Indemnification

- (a) Except in respect of any indemnification Claim relating to: (i) any breach of a Fundamental Representation; (ii) Section 8.2(b), (iii) Section 8.2(c), (iv) Section 8.2(d), or (v) any breach of the representations set forth in Section 3.1.22 [*Title to the Assets*] (which, for greater

certainty, in each case shall not be subject to the limitation and threshold set forth in paragraphs (i) and (ii) below, respectively):

- (i) the maximum aggregate liability of each of the Vendor under Section 8.2, on the one hand, and KBI and Kiaro under Section 8.3, on the other hand, shall be limited to \$2,370,259; provided that, if the Kiaro Milestone Shares are issued in accordance with the terms hereof, such limit shall be increased to \$2,629,325 (which increased limit shall, for the avoidance of doubt, be applicable to any Claims made in accordance with the provisions hereof prior to the issuance of such Kiaro Milestone Shares); and
 - (ii) the Vendor shall not be liable to indemnify any Kiaro Indemnified Party under Section 8.2, and KBI and Kiaro shall not be liable to indemnify any Vendor Indemnified Party under Section 8.3, unless the aggregate Damages suffered or incurred by Kiaro Indemnified Parties or Vendor Indemnified Parties (as applicable) exceeds \$50,000, in which event, the Indemnifier shall be liable for the full amount of all such Damages regardless of such threshold.
- (b) Neither the Vendor's aggregate liability, on the one hand, nor KBI's and Kiaro's aggregate liability, on the other hand, under this Agreement shall in any event exceed the Purchase Price.
 - (c) Payments by an Indemnifier under this Agreement in respect of any Damages shall be limited to the amount of any Damages that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such Claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Damages before seeking indemnification under this Agreement.
 - (d) Payments by an Indemnifier under this Agreement in respect of any Damages shall be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Damages by the Indemnified Party.
 - (e) No Person shall be entitled to indemnification under this Agreement more than once in respect of the same loss. No amount in respect of loss shall be taken into account to the extent it has already been specifically provided for or paid pursuant to another provision of this Agreement (including, for certainty, Section 2.7).

- (f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Damages upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Damages.

8.5 Time Limits for Claims

- (a) The Vendor shall have no obligation to indemnify a Kiaro Indemnified Party under Section 8.2 unless written notice of that Claim is delivered to the Vendor with reasonable specificity under Section 8.6 on or before the following dates:
 - (i) with respect to: (A) a breach of a Fundamental Representation; (B) any breach or non-fulfillment of any covenant or obligation of the Vendor; or (C) any breach of any representation or warranty involving the fraudulent act or fraudulent misrepresentation of the Vendor, at any time;
 - (ii) with respect to a breach of any of the representations or warranties set out in Sections 3.1.33 or 3.2.18 [Tax Matters] or with respect to a claim for indemnification pursuant to Section 8.2(c) hereof, on or before the date that is sixty (60) days following the expiration of the applicable statute of limitations period; and
 - (iii) with respect to all other representations and warranties of the Vendor under this Agreement, on or before the date that is 18 months after the Closing Date.
- (b) Neither Kiaro nor KBI shall have any obligation to indemnify a Vendor Indemnified Party under Section 8.3 unless notice of that claim is delivered to KBI with reasonable specificity in accordance with Section 8.6 on or before the following dates:
 - (i) with respect to: (A) a breach of a Fundamental Representation; (B) any breach or non-fulfillment of any covenant or obligation of KBI or Kiaro; or (C) any breach of any representation or warranty involving the fraudulent act or fraudulent misrepresentation of KBI or Kiaro, at any time; and
 - (ii) with respect to all other representations and warranties of KBI under this Agreement, on or before the date that is 18 months after Closing.

8.6 Notice of Claim

- (a) If a Third Party Claim is instituted or asserted against an Indemnified Party, the Indemnified Party shall promptly after the commencement or assertion of that Third Party Claim, notify the Indemnifier in writing of the Third Party Claim. The notice will describe the Third Party

Claim in reasonable detail and indicate, if reasonably practicable, the nature of the Third Party Claim and, to the extent known by the Indemnified Party, the amount of the potential Damages which may be suffered or incurred by it in respect thereof. The failure by the Indemnified Party to provide notice to the Indemnifier of such Third Party Claim on a reasonably prompt basis shall not affect the right of the Indemnified Party to make a claim for indemnification against the Indemnifier with respect thereto (except to the extent that the Indemnifier forfeits rights or defences by reason of such failure), as long as the notice is provided prior to the expiry of the applicable time period set forth in Section 8.5, if any.

- (b) If an Indemnified Party becomes aware of a Direct Claim, the Indemnified Party shall promptly notify the Indemnifier in writing of that Direct Claim. The notice will describe the Direct Claim in reasonable detail and indicate, if reasonably practicable, the nature and amount of the potential Damages which may be suffered or incurred by it in respect thereof. The failure by the Indemnified Party to provide notice to the Indemnifier of such Direct Claim reasonably promptly shall not affect the right of the Indemnified Party to make a claim for indemnification against the Indemnifier with respect thereto (except to the extent that the Indemnifier forfeits rights or defences by reason of such failure), as long as the notice is provided prior to the expiry of the applicable time period set forth in Section 8.5, if any.
- (c) Notice to an Indemnifier of a Third Party Claim or Direct Claim under this Section 8.6 will constitute assertion of a claim for indemnification against such Indemnifier under this Article 8 and upon receipt of notice, the provisions of Sections 8.7 to 8.9 will apply to any Third Party Claim and the provisions of Section 8.10 will apply to any Direct Claim.

8.7 Defence of Third Party Claims

With respect to any Third Party Claim, the Indemnifier may participate in or, by giving notice to that effect to the Indemnified Party not later than thirty (30) days after receipt of notice with respect to that Third Party Claim, assume the defence of any such Third Party Claim at the Indemnifier's expense and by the Indemnifier's own counsel and the Indemnified Party shall cooperate in good faith in such defence, provided that if the Indemnifier is the Vendor, such Indemnifier shall not have the right to defend or direct the defence of any Third Party Claim that (i) is asserted directly or on behalf of a Person that is a material customer or supplier of the Corporation (if in the opinion of the Indemnified Party, acting reasonably, the Indemnifier's defence of such Third Party Claim could reasonably be expected to materially and adversely affect the Indemnified Party's relationship with such customer or supplier), (ii) seeks an injunction or other equitable relief against the Indemnified Party, or (iii) Third Party Claims seeking an amount in excess of what the Indemnifier may be liable for under this Article 8, and provided further that the Indemnifier acknowledges in writing its

obligation to indemnify the Indemnified Party in accordance with the terms contained in this Article 8 in respect of such Third Party Claim. The Indemnifier shall thereafter keep the Indemnified Party reasonably informed with respect to the status of such Third Party Claim and the Indemnified Party may participate in the defence of such Third Party Claim assisted by counsel of its choice at its own expense. If the Indemnifier does not give notice within thirty (30) days after receipt of notice of the Third Party Claim that it has elected to assume the control of the defence of the Third Party Claim, the Indemnified Party may, at its option and assisted by counsel of its choice, assume the defence of the Third Party Claim without prejudice to its right of indemnification under this Agreement.

8.8 Assistance for Third Party Claims

With respect to any Third Party Claim, the Indemnifier and the Indemnified Party shall use commercially reasonable efforts to make available to the Person which is undertaking and controlling the defence of such Third Party Claim (the “**Defending Party**”),

- (a) those employees whose assistance, testimony or presence is necessary to assist the Defending Party in evaluating and in defending such Third Party Claim; and
- (b) all documents, records and other materials in the possession of that Person reasonably required by the Defending Party for its use in defending such Third Party Claim,

and shall otherwise co-operate in good faith with the Defending Party. The Indemnifier shall be responsible for all reasonable expenses associated with making those documents, records and materials available.

8.9 Settlement of Third Party Claims

- (a) If an Indemnifier elects to assume the defence of any Third Party Claim as provided in Section 8.7, the Indemnifier shall diligently proceed with the defence and shall not, without the prior written consent of the Indemnified Party, not to be unreasonably withheld, conditioned or delayed, enter into any compromise or settlement of the Third Party Claim or consent to the entry of any judgment, which would lead to liability or create any other obligation, financial or otherwise, on the Indemnified Party.
- (b) If an Indemnifier elects to assume the defence of any Third Party Claim as provided in Section 8.7, the Indemnifier will not be liable for any legal expenses subsequently incurred by the Indemnified Party in connection with the defence of that Third Party Claim. However, if the Indemnifier fails to take reasonable steps necessary to defend diligently that Third Party Claim within thirty (30) days after receiving notice from the Indemnified Party that the Indemnified Party believes on reasonable grounds that the Indemnifier has failed to take such reasonable steps, the Indemnified Party may, at its option and assisted by counsel of

its choice, defend, settle or compromise the Third Party Claim (with any reasonable legal fees and disbursements associated with such defence to be borne by the Indemnifier) without prejudice to its right of indemnification hereunder. The party controlling the defence of the Third Party Claim shall keep the other party advised of the defence of the Third Party Claim and consider in good faith recommendations made by the other party with respect thereto.

8.10 Direct Claims

Upon receiving a notice of a Direct Claim from an Indemnified Party pursuant hereto, the Indemnifier will then have a period of thirty (30) days within which to respond in writing thereto. The Indemnified Party shall, at the request of the Indemnifier, make available to the Indemnifier the information relied upon by the Indemnified Party to substantiate its right to be indemnified with respect to such Direct Claim, together with all other information and reasonable access to the Representatives of the Indemnifier as may be reasonably requested by the Indemnifier. If the Indemnifier does not respond within that thirty (30) day period, the Indemnifier will be deemed to have rejected such Direct Claim in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

8.11 Satisfaction of Claims

- (a) Any indemnification payment determined to be owing by Kiaro or KBI to a Vendor Indemnified Party under this Article 8 shall be adjusted upwards by the Gross-Up Factor, and in the event of any such indemnification payment, the limitations on Kiaro's and KBI's indemnity set forth in Section 8.4(a)(i) and Section 8.4(b) shall automatically be increased to the extent required in order to satisfy such adjusted payment. For greater certainty, if the amount determined to be owing by Kiaro or KBI under this Article 8 in respect of an indemnity Claim is equal to \$100,000, and the Vendor owns 25% of the issued and outstanding Kiaro Shares, then the amount to be paid to the Vendor shall equal to \$133,333.33.
- (b) Any indemnification payment determined to be owing by an Indemnifier under this Article 8 shall be made by wire transfer of immediately available funds to an account designated in writing by the Indemnified Party within ten (10) Business Days of such determination. Notwithstanding the foregoing, in the event that the Vendor is the Indemnifier, the Vendor may, at its option, elect to settle such indemnification payment (i) in cash, or (ii) the cancellation of such number of Kiaro Consideration Shares having a value equal to the amount of the indemnification payment determined to be owing by the Vendor (based on the Issuance Price).

8.12 Arbitration

Except where a resolution mechanism is otherwise specifically set out herein, if at any time any dispute, difference, disagreement or question shall arise between the Parties then every such dispute, difference, disagreement or question shall be referred to a single arbitrator, if the parties can agree upon one. Otherwise such matter in issue shall be referred to a board of three arbitrators, one to be appointed by each Party to the dispute and one to be appointed by the arbitrators chosen by the Parties, in writing, before the arbitrators enter upon the business of the reference. If any Party shall refuse or neglect to appoint an arbitrator within five (5) Business Days after the other Party shall have appointed an arbitrator and shall have served a written notice upon that other Party requiring such Party to make such appointment, then the arbitrator first appointed shall proceed to hear and determine the matter in issue as if that arbitrator was appointed by both parties for that purpose. The award or determination which shall be made by the arbitrator, the arbitrators, or the majority of them, as applicable, shall be absolutely final and binding upon the Parties and their respective heirs, executors, administrators, successors and assigns. In the event that the two arbitrators chosen by the Parties are unable to agree upon the appointment of the third arbitrator, when required, within five (5) days after the appointment of the last of them, then upon the motion of any such arbitrator or any party hereto to any judge of the Supreme Court of British Columbia, such Judge shall name the third arbitrator, whose appointment shall be final and binding upon the Parties. In all respects, subject to the terms of this Agreement, *The Arbitration Act* (British Columbia) and amendments thereto shall govern such proceedings, any arbitration shall occur in Vancouver, British Columbia, and the arbitrators shall be entitled to fix and apportion the liability for the costs of the arbitration.

8.13 Set-off

Subject to Section 8.11, upon written notice to the Indemnifier, an Indemnified Party may set-off any amounts payable by it to the Indemnifier pursuant to Section 2.7 or Section 2.8 of this Agreement against any liability of the Indemnifier pursuant to this Article 8.

8.14 Tax Treatment

To the fullest extent permitted under Applicable Law, any payment made by KBI as an Indemnifier under this Article 8 shall constitute a dollar-for-dollar increase to the Purchase Price and any payment made by any of the Vendor as an Indemnifier under this Article 8 shall constitute a dollar-for-dollar decrease to the Purchase Price, and each of the applicable Parties shall, within a reasonable time following any such payment, cause to be made all applicable amendments to its current or past Tax Returns as may be necessary to reflect the foregoing.

8.15 Exclusive Remedy

- (a) The Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all Claims relating (directly or indirectly) to Damages arising from the matters contemplated by this Agreement (except in the case of fraud on the part of a Party), is set out in this Article 8.
- (b) The Parties agree that the provisions in this Agreement relating to indemnification, and the limits imposed on the Parties' remedies with respect to this Agreement, and the transactions contemplated hereby were specifically bargained for between sophisticated Persons and were relied upon by the Parties in agreeing to execute and deliver this Agreement.

ARTICLE 9 MISCELLANEOUS

9.1 Notices

- (a) Any notice, direction or other communication (in this Section 9.1, a "**notice**") regarding the matters contemplated by this Agreement must be in writing and delivered personally or sent by courier (or electronic mail if an electronic mail address is set out below), as follows:

- (i) in the case of the Vendor or the Corporation, to:

Aegis Brands Inc.
c/o Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Attention: Steven Pelton, Chief Executive Officer
Email: spelton@aegisbrands.ca

with a copy (not constituting notice) to:

Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: John Connon
Email: jconnon@goodmans.ca

- (ii) in the case of KBI or Kiaro, to:

Kiaro Brands Inc.
c/o Kiaro Holdings Corporation
#300 – 110 E Cordova St
Vancouver, British Columbia

Canada, V6A 1K9

Attention: Daniel Petrov, Chief Executive Officer
Email: daniel@kiaro.com

with a copy (not constituting notice) to:

MLT Aikins LLP
Suite 2600, 1066 West Hastings Street
Vancouver, BC V6E 3X1

Attention: Jonathan O'Connor
Email: joconnor@mltaikins.com

- (b) A notice is deemed to be delivered and received: (i) if delivered personally or by electronic mail, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; (ii) if sent by same-day courier, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; or (iii) if sent by overnight courier, on the next Business Day.
- (c) A Party may change its address for service from time to time by notice given in accordance with the foregoing provisions.

9.2 Public Announcements

Except as required by Applicable Laws, a Governmental Authority or an applicable stock exchange rule, no press release, public statement or announcement or other public disclosure regarding this Agreement or the transactions contemplated by this Agreement may be made without the prior consent of KBI, Kiaro and the Vendor (not to be unreasonably withheld, conditioned or delayed), and the Parties shall cooperate with respect to the timing and content of any such announcements or disclosure.

9.3 Exclusivity

From the date hereof and until the earlier of the Closing or the date on which this Agreement is terminated pursuant to Article 7 hereof, the Vendor shall not, and the Vendor shall cause the Corporation to not, directly or indirectly, through any shareholder, director, officer, employee, agent or other representative (including a financial advisor) or otherwise: (a) solicit, initiate, encourage or facilitate the submission of any proposal or offer from any Person relating to the acquisition or purchase of: (i) any of the Purchased Shares; (ii) the Business or any material assets of the Corporation; (iii) any equity interest or other securities of the Corporation; or (iv) any merger, amalgamation, arrangement or other business combination relating to any of the foregoing; (b) participate in any discussions or negotiations regarding any of the foregoing; or (c) furnish or make available to any Person any information with respect to, or otherwise co-operate in any way with,

or assist or participate in, facilitate or encourage, any effort or attempt by any Person to do or seek any of the foregoing.

9.4 Specific Performance

The Parties agree that irreparable loss and damage which cannot be adequately determined or compensated by monetary compensation alone would occur as a result of any breach of this Agreement by any other Party hereto, and, accordingly, each Party acknowledges and agrees that each other Party shall be entitled to seek injunctive relief to restrain any breach or threatened breach of this Agreement by another Party hereto, without proof of any actual damages and without the necessity of posting a bond. The remedies under this Section 9.4 are in addition to any other remedy at law or in equity available to the Parties.

9.5 Further Assurances

Each Party shall from time to time, before and after the Closing Time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered all further acts, documents, elections and instruments as may be reasonably necessary or desirable in order to give full effect to this Agreement or any provision of it.

9.6 Expenses

Each of the Parties shall pay their own respective legal, accounting and other professional advisory fees, costs and other expenses incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the Closing Documents.

9.7 Waiver of Rights

Except as otherwise provided in this Agreement, any waiver of any of the provisions of this Agreement will be binding only if it is in writing and signed by the Party to be bound by it, and only in the specific instance and for the specific purpose for which it has been given. Except as otherwise provided in this Agreement, the failure or delay of any Party in exercising any right under this Agreement will not operate as a waiver of that right. Except as otherwise provided in this Agreement, no single or partial exercise of any right will preclude any other or further exercise of that right or the exercise of any other right, and no waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar).

9.8 Severability

If any provision of this Agreement or its application to any Party or circumstance is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, it will be ineffective only to the extent of its illegality, invalidity or unenforceability without affecting the validity or the

enforceability of the remaining provisions of this Agreement and without affecting its application to other parties or circumstances.

9.9 Assignment

Neither this Agreement nor any of the rights, benefits or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties (or, in respect of the Vendor).

9.10 Successors and Assigns

This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors, heirs and permitted assigns.

9.11 Confidentiality

The Parties acknowledge and agree that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Parties under this Agreement. If this Agreement is, for any reason, terminated before the Closing Date, the Confidentiality Agreement and the provisions of this Section 9.11 shall nonetheless continue in full force and effect. Notwithstanding the foregoing, the Vendor agrees that notwithstanding anything contained in the Confidentiality Agreement and the LOI, any and all confidentiality obligations of KBI and the Corporation under the Confidentiality Agreement and the LOI shall cease to exist upon the Closing.

9.12 Entire Agreement

This Agreement, together with the Disclosure Letter, the Kiaro Disclosure Letter, the Confidentiality Agreement and the Closing Documents, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all other understandings, agreements, representations, negotiations, communications and discussions, written or oral, made by or of any of the Parties or any of their respective Affiliates with respect thereto (including the LOI). There are no representations, warranties, terms, conditions, covenants or other understandings, express or implied, collateral, statutory or otherwise, between the Parties with respect to the transactions contemplated by this Agreement, except as expressly stated in this Agreement or in the Closing Documents.

9.13 Amendment

This Agreement may not be amended, supplemented or otherwise modified in any respect except by written agreement signed by the Parties (or, in respect of the Vendor).

9.14 Governing Law; Attornment

This Agreement will be construed, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

9.15 Tender

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money must be tendered by wired funds or by official bank draft drawn upon a Canadian chartered bank or by negotiable cheque payable in Canadian funds and certified by a Canadian bank listed in Schedule 1 to the *Bank Act* (Canada).

9.16 Counterparts and Electronic Transmission

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other electronic transmission), each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument.

9.17 English Language

The Parties confirm that it is their wish that this Agreement and any other documents delivered or given under this Agreement, including notices, have been and will be in the English language only. *Les parties aux présents confirment leur volonté que cette convention de même tous les documents, y compris tous avis, s'y rattachant, soient rédigés en anglais seulement.*

[SIGNATURE PAGE FOLLOWS]

THIS AGREEMENT has been executed by the Parties as of the 12th day of July, 2021.

2734524 ONTARIO INC.

"Steve Pelton"

Name: Steve Pelton

Title: President

AEGIS BRANDS INC.

"Steve Pelton"

Name: Steve Pelton

Title: Chief Executive Officer

KIARO BRANDS INC.

"Janet Hoffar"

Name: Janet Hoffar

Title: Director

KIARO HOLDINGS CORPORATION

"Daniel Petrov"

Name: Daniel Petrov

Title: Chief Executive Officer

EXHIBIT A
FORM OF INVESTOR RIGHTS AGREEMENT

(See attached)

INVESTOR RIGHTS AGREEMENT

This investor rights agreement is made as of this _____ day of 2021.

BETWEEN:

KIARO HOLDINGS CORP., a corporation incorporated under the laws of the Province of British Columbia

(the “**Corporation**”);

- and -

AEGIS BRANDS INC., a corporation incorporated under the laws of the Province of Ontario

(“**Aegis**”).

WHEREAS:

- A. The Parties are party to the Purchase Agreement (as such term is defined herein).
- B. Upon completion of the Transaction (as such term is defined herein), Aegis will own, and from time to time thereafter may acquire, Common Shares (as such term is defined herein).
- C. The Corporation and Aegis desire to undertake the actions and agreements contained herein.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE 1 INTERPRETATION AND GENERAL MATTERS

1.1 Definitions

In this Agreement, including the recitals, unless otherwise stated, capitalized terms used will have the meanings specified below:

“**Aegis Designee**” has the meaning given to it in Section 2.1(a);

“**Affiliate**” means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the specified Person; provided, however, (i) Aegis shall not be considered an Affiliate of the Corporation, and (ii) the Corporation shall not be considered an Affiliate of Aegis. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under

common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise;

“**AGCO**” means the Alcohol and Gaming Commission of Ontario;

“**Agreement**” means this document, together with any schedules attached hereto and made a part hereof, all as amended, supplemented or modified from time to time in accordance with the provisions hereof;

“**Block Trade**” means a sale of more than 5,000,000 Common Shares in any one transaction or series of related transactions;

“**Board**” means the board of directors of the Corporation;

“**Bought Deal**” means a fully underwritten offering on a bought deal basis pursuant to which one or more underwriters has committed to purchase securities of the Corporation pursuant to a “bought deal” letter prior to the filing of a Prospectus or a Distribution pursuant to an overnight marketed offering;

“**Business Day**” means any day except Saturday, Sunday or any statutory holiday in the Province of British Columbia or the Province of Ontario;

“**Canadian Securities Regulatory Authorities**” means, collectively, the securities regulatory authority in each of the provinces and territories of Canada;

“**Cannabis Regulatory Authority**” means any provincial or federal agency, authority, ministry, department or regulatory authority, including Health Canada and other applicable regulatory authorities with oversight of the cannabis industry and any business or operations within the cannabis industry generally;

“**Closing Date**” means the date of this Agreement;

“**Common Shares**” means the common shares in the capital of the Corporation, including the Consideration Shares;

“**Consideration Shares**” means the Common Shares comprising the Initial Share Consideration, together with any other Common Shares issued to Aegis pursuant to the Purchase Agreement;

“**Control Transaction**” has the meaning given to it in Section 6.3(b);

“**Demand Notice**” has the meaning given to it in Section 3.1;

“**Demand Registration**” has the meaning given to it in Section 3.1;

“**Distribution**” means an offer or sale or other disposition or distribution of Common Shares to the public by way of a Prospectus under Securities Laws;

“Distribution Expenses” means, the reasonable and documented out-of-pocket fees and expenses incurred by the Corporation in connection with its performance of, or compliance with, the terms of a Demand Registration or a Piggy-Back Registration hereunder, including (i) securities regulators' and stock exchange registration listing and filing fees, (ii) stock exchange listing fees, (iii) printing, copying, translation and delivery expenses, (iv) fees, expenses and disbursements of legal counsel to the Corporation, (v) all transfer agents', depositaries' and registrars' fees, and (vi) any other fees, expenses and/or commissions payable to an underwriter, investment banker, manager or agent customarily paid by an issuer in connection with a Distribution;

“Governmental Authority” means any: (i) multinational, federal, state, provincial, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; (iii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, including any stock exchange; or (iv) any arbitrator exercising jurisdiction over the affairs of the applicable Person, asset, obligation or other matter;

“Initial Share Consideration” means 61,300,000 Common Shares;

“Laws” means any and all laws, including all federal, provincial, state and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by-laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, directives, decisions, rulings or awards or other requirements of any other Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used;

“Parties” means the Corporation, Aegis and their respective successors and permitted assigns, and **“Party”** means any one of them;

“Person” means an individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other entity, or a government or agency or political subdivision thereof;

“Pre-emptive Right Securities” has the meaning given to it in Section 4.1;

“Prospectus” means a “preliminary prospectus” and/or a “prospectus” as those terms are used in applicable Securities Laws, including all amendments and supplements thereto and a shelf prospectus supplement filed in accordance with National Instrument 44-102 – *Shelf Distributions*, but excluding a base shelf prospectus;

“Purchase Agreement” means the purchase agreement dated as of July 12, 2021 by and among the Corporation, Kiara Brands Inc., Aegis and 2734524 Ontario Inc. (d/b/a Hemisphere Cannabis Co.);

“Registered Broker” means a Person or firm in the business of buying and selling securities for its own account or on behalf of its customers;

“Securities Act” means the *Securities Act* (Ontario);

“**Securities Laws**” includes the Securities Act and any other similar legislation in any other province or territory of Canada in which the Corporation is or becomes a reporting issuer (or the equivalent thereof) and the respective rules, regulations, instruments and published policies, policy statements and notices thereunder, and the rules and regulations of the TSXV;

“**Subsidiary**” means, with respect to any Person, any corporation or other entity of which the majority of voting power of (i) the voting equity securities or (ii) the outstanding equity interests (calculated on a fair market value basis) is owned, directly or indirectly, by such Person;

“**Transaction**” means the transactions contemplated by the Purchase Agreement, including the issuance by the Corporation of the Consideration Shares to Aegis as consideration for the Purchased Shares (as defined in the Purchase Agreement);

“**Transfer**” has the meaning given to it in Section 6.1; and

“**TSXV**” means the TSX Venture Exchange.

1.2 References and Headings

The references “hereunder”, “herein” and “hereof” refer to the provisions of this Agreement, and references to Articles and Sections herein refer to articles, sections, or subsections of this Agreement. The headings of the Articles and Sections and any other headings, captions or indices herein are inserted for convenience of reference only and shall not be used in any way in construing or interpreting any provision hereof.

1.3 Singular/Plural; Derivatives

Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

1.4 Statutory References

Unless stated otherwise, any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and enforced from time to time, and to any statute or regulation that may be passed which has the effect of supplementing the statute so referred to or the regulations made pursuant thereto.

1.5 Business Days

Whenever any action to be taken pursuant to this Agreement would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken on the first Business Day following such day.

1.6 Calculation of Equity Interests/Share Ownership

References to shareholding percentages of Aegis in the Corporation in this Agreement shall, unless specifically indicated otherwise herein, be calculated based upon the number of Common Shares beneficially owned by Aegis, or over which Aegis exercises control or direction, directly or indirectly, as a percentage of the total number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time. Aegis shall be entitled to rely on the public filings of the Corporation with respect to the number of Common Shares outstanding unless and until such time as the Corporation provides evidence satisfactory to Aegis, acting reasonably, as to the number of Common Shares outstanding as of a particular time.

1.7 Changes in Common Shares

If, and as often as, there are any changes in the Common Shares by way of subdivision or consolidation, stock dividend or other distribution, reclassification or capital reorganization or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other Person, appropriate adjustment shall be made in the provisions hereof as may be required so that the rights and privileges granted hereby shall continue with respect to the Common Shares beneficially owned by Aegis, or over which Aegis exercises control or direction, directly or indirectly, as so changed, and the Corporation shall make appropriate provision in connection with any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other Person that any successor to the Corporation (or resulting parent thereof) shall agree, as a condition to the consummation of any such transaction, to expressly assume the Corporation's obligations hereunder.

ARTICLE 2 CORPORATE GOVERNANCE

2.1 Board Representation

- (a) Concurrently with the completion of the Transaction, the Corporation shall cause one (1) individual designated by Aegis to be appointed to the Board (the “**Aegis Designee**”).
- (b) From and after the Closing Date, for so long as Aegis (i) beneficially owns, or exercises control or direction over, directly or indirectly, in the aggregate, at least 10% or more of the outstanding Common Shares, or (ii) has not sold any of the Initial Consideration Shares, the Corporation will nominate for election to the Board, and solicit proxies in favour of, the Aegis Designee (who need not be the same individual as Aegis Designee appointed to the Board pursuant to Section 2.1(a)) at the next annual general or special meeting of the Corporation’s shareholders at which directors of the Corporation are elected and at each annual general or special meeting of the Corporation’s shareholders at which directors of the Corporation are elected, thereafter.
- (c) The Corporation shall provide reasonable notice (not less than 40 days prior to the date of the meeting) to Aegis of any upcoming shareholders’ meetings at which directors will be nominated for election and shall request that Aegis designate the

Aegis Designee to be proposed for election as a director at such meeting. If Aegis fails to provide notice to the Corporation of the Aegis Designee to be nominated for election within 10 days following the request for such designation by the Corporation, then the incumbent Aegis Designee designated by Aegis shall be deemed to be the Person designated by Aegis for the purposes of the applicable shareholders' meeting.

- (d) Aegis may from time to time designate a successor for any Aegis Designee appointed or elected as a director on the Board in accordance with this Section 2.1, in the event such director ceases to be a director between shareholders' meetings for any reason. In such event, the Corporation will cause the appointment of such successor director to fill the vacancy in the Board caused by such appointee or elected director ceasing to be a director of the Corporation.
- (e) As a condition to being nominated as a director to the Board, any Person so nominated or designated under Sections 2.1(a), 2.1(b), 2.1(c) and 2.1(d) shall be subject to (i) acceptance by the TSXV and each Cannabis Regulatory Authority (to the extent such acceptance is required), (ii) shall not be disqualified from so serving under any applicable Law, and (iii) shall have consented in writing to serve as a director of the Corporation; provided that if such Person so nominated is not acceptable to the TSXV or Cannabis Regulatory Authority, for any reason, Aegis shall be entitled to designate a replacement individual to serve as the Aegis Designee (and so forth until such time that the conditions set forth in this Section 2.1(e) are satisfied).

ARTICLE 3 REGISTRATION RIGHTS

3.1 Demand Registration Rights

- (a) On or following the later of (i) the first anniversary of the Closing Date, and (ii) the date that the Corporation is first eligible, and has taken all necessary action, to file a short-form Prospectus pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, Aegis may request the Corporation to file a Prospectus under applicable Securities Laws and take such other steps as may be necessary to facilitate a Distribution of all or part of the Common Shares beneficially owned, or over which control or direction is exercised, by Aegis (a “**Demand Registration**”) by giving written notice of such Demand Registration to the Corporation (the “**Demand Notice**”). Subject to the limitations of this Article 3, the Corporation shall use its commercially reasonable efforts to prepare, file and obtain a receipt under Securities Laws for a final Prospectus to effect the qualification of all Common Shares, as applicable, that Aegis desires to be qualified, as specified in the Demand Notice, in order to permit the Distribution of such Common Shares. The Corporation and Aegis shall cooperate in a timely manner in connection with any such Demand Registration and in accordance with the procedures set forth in Schedule A hereto in connection with each such Distribution.

- (b) The Corporation undertakes to file a notice of intention to file a short-form Prospectus within 10 Business Days after first becoming eligible to do so and, once eligible, to use its commercially reasonable efforts to maintain its eligibility until such time that Aegis is no longer entitled to Demand Registration rights under this Agreement.
- (c) The Corporation will not file any Prospectus (other than the Prospectus filed in connection with the Demand Notice), whether for its own account or that of another security holder, from the date of a Demand Notice until the completion of the distribution period under applicable Securities Laws contemplated by the applicable Demand Registration (unless Aegis withdraws its request for qualification of the Distribution of its Common Shares pursuant to such Demand Registration pursuant to the terms hereof).
- (d) The Corporation shall not be obliged to:
 - (i) effect more than one (1) Demand Registration within any 12-month period;
 - (ii) effect more than three (3) Demand Registrations in the aggregate;
 - (iii) effect a Demand Registration within 180 days of any receipt for a final prospectus filed in respect of a previous Distribution;
 - (iv) effect a Demand Registration other than in a province or territory of Canada; or
 - (v) effect a Demand Registration if the Board has determined in its good faith reasonable judgment within five (5) Business Days of a Demand Notice that either (A) the effect of the filing of a Prospectus would materially and impede the ability of the Corporation to consummate a *bona fide* pending or proposed material transaction; or (B) there exists, at the time of receipt of the Demand Notice, material non-public information relating to the Corporation, the disclosure of which the Board reasonably believes would be detrimental to the Corporation, and the Corporation has a *bona fide* business purpose for preserving such information as confidential, and, in either case, the Corporation may defer its obligations under this Section 3.1 until a date that is not later than 60 days from the date of receipt of the Demand Notice; provided that such right of deferral may not be exercised more than twice in any 12-month period. Notwithstanding the foregoing, such a deferral may occur for a period longer than 60 days from the date of receipt of the Demand Notice in circumstances deemed by the Board, acting reasonably and in good faith, to be exceptional in nature and that may include a transaction that is extremely complex or subject to significant regulatory compliance. The Corporation shall give prompt notice to Aegis of the existence and nature of any deferral event (and subsequently of any extension thereof for a period longer than 60 days from the date of receipt of the Demand Notice, if applicable) and of the

time that the facts giving rise to such deferral event no longer exist and Aegis hereby agrees to maintain the confidentiality of such information.

- (e) A Demand Notice shall:
 - (i) specify the number of Common Shares Aegis intends to offer and sell pursuant to the Demand Registration;
 - (ii) specify the number of Common Shares then beneficially owned by Aegis, or over which it then exercises control or direction;
 - (iii) describe the nature or methods of the proposed offer and sale thereof and the provinces and territories of Canada in which such offer shall be made;
 - (iv) contain the undertaking of Aegis to provide all such information regarding its Common Shares and the proposed manner of distribution thereof as may be required in order to permit the Corporation to comply with applicable Securities Laws; and
 - (v) specify whether such offer and sale shall be made by an underwritten offering.
- (f) If Aegis intends to dispose of Common Shares covered by the Demand Notice by means of an underwritten offering, Aegis shall have the right to select the managing underwriter or underwriters to effect the Distribution contemplated by such Demand Registration; provided, however, that such selection shall also be satisfactory to the Corporation, acting reasonably, and if reasonably requested by the managing underwriter or underwriters, the Corporation and Aegis shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters satisfactory in substance and form to each of the Corporation and Aegis. Each of the Corporation and Aegis shall have the right to retain counsel of their choice to assist them in fulfilling their obligations under this Article 3.
- (g) Notwithstanding anything to the contrary contained herein, a Demand Registration will not be considered as having been effected until a receipt has been issued for a final Prospectus by the Canadian Securities Regulatory Authorities, pursuant to which the Common Shares requested by Aegis to be qualified are to be sold; and provided further that at any time prior to the issuance of such a receipt or filing of such a Prospectus, Aegis may, with the prior written consent of the Corporation (not to be unreasonably withheld, conditioned or delayed), withdraw its request for Demand Registration by advising the Corporation in writing that it has determined to withdraw such request, in which case (i) such Demand Registration and the request therefor will be deemed to be withdrawn, and (ii) such request will be deemed not to have been given for purposes of determining whether Aegis has exercised its right to a Demand Registration.

- (h) If at any time Aegis requests a Demand Registration, the Corporation shall have the right, exercisable within five (5) Business Days (except in the case of a Bought Deal, in which case the Corporation shall have one (1) Business Day) of receipt of such request, to notify Aegis of its intention to qualify or register for distribution to the public under such Distribution an offering of Common Shares from treasury. Aegis shall use all commercially reasonable efforts to include in the proposed distribution such number of Common Shares as the Corporation shall request, upon the same terms (including the method of distribution) as such Demand Registration; provided that Aegis shall not be required to include any such Common Shares in any such Demand Registration if the managing underwriter or underwriters advise Aegis that, in its good faith opinion, the inclusion of such securities should be limited (i) due to market conditions, or (ii) because the number of Common Shares proposed to be distributed may materially and adversely affect the successful marketing of the distribution (including the price range acceptable to Aegis), then the Common Shares to be underwritten shall be allocated in the following priority: (i) first, the Common Shares to be qualified by Aegis for its own account, and (ii) second, if there are any additional Common Shares that may be underwritten after allowing for the inclusion of all of the Common Shares required under (i) above, the Common Shares requested to be qualified by the Corporation.

3.2 Piggy-Back Registration Rights

- (a) If the Corporation proposes to make a Distribution for its own account the Corporation will, at that time, promptly, and not less than 10 days prior to the filing of the related preliminary prospectus (except in the case of a Bought Deal in which case not less than one (1) Business Day prior to the signing of the Bought Deal letter to be entered into in connection therewith), give Aegis written notice (the “**Piggy-Back Notice**”) of the proposed Distribution. Upon the written request of Aegis to the Corporation, given within five (5) Business Days (except in the case of a Bought Deal, in which case Aegis shall have one (1) Business Day) after receipt of the Piggy-Back Notice, that Aegis wishes to include a specified number of Common Shares then held by Aegis in the Distribution, and provided no such Common Shares that Aegis wishes to include are on the date of the Piggy-Back Notice, the Corporation will use commercially reasonable efforts to, in conjunction with the proposed Distribution, cause the Common Shares requested to be qualified by Aegis to be included in the Distribution in accordance with the procedures set forth in Schedule A hereto (a “**Piggy-Back Registration**”). Notwithstanding the foregoing, if the managing underwriter or underwriters advise the Corporation that, in its good faith opinion, the inclusion of such securities should be limited (i) due to market conditions, or (ii) because the number of Common Shares proposed to be distributed may materially and adversely affect the successful marketing of the distribution (including the price range acceptable to the Corporation), then the Common Shares to be underwritten shall be allocated in the following priority: (i) first, the Common Shares to be qualified by the Corporation for its own account, and (ii) second, if there are any additional Common Shares that may be underwritten after allowing for the

inclusion of all of the Common Shares required under (i) above, the Common Shares requested to be qualified by Aegis. It shall be a condition to Aegis' right to effect a Piggy-Back Registration that Aegis enter into an underwriting agreement in customary form with the managing underwriter or underwriters.

- (b) Aegis shall have the right to withdraw its request for inclusion of the Common Shares it wishes to include in any Distribution pursuant to this Section 3.2 without incurring any liability to the Corporation or any other Person by giving written notice to the Corporation of its request to withdraw; provided, however, that:
 - (i) such request must be made in writing prior to the execution of a Bought Deal letter (if any) or an underwriting agreement (or such other similar agreement) with respect to such offering; and
 - (ii) such withdrawal will be irrevocable and, after making such withdrawal, Aegis will no longer have any right to include its Common Shares in the offering pertaining to which such withdrawal was made.

3.3 Expenses

Aegis shall reimburse the Corporation for any Distribution Expenses incurred by the Corporation in connection with any Demand Registration or Piggy-Back Registration (but excluding, for greater certainty, any Distribution Expenses associated with a Distribution proposed to be made by the Corporation for its own account in connection with any such Demand Registration and Piggy-Back Registration); provided that any such expense reimbursement shall be subject to a maximum reimbursement of \$175,000 (except with respect to fees, expenses and/or commissions payable to an underwriter, investment banker, manager or agent customarily paid by an issuer in connection with a Distribution).

3.4 Limitations on Registration Rights

The Demand Registration rights and Piggy-Back Registration rights granted to Aegis pursuant to this Article 3 shall terminate and be of no further force or effect at such time as Aegis no longer beneficially owns, or exercises control or direction, directly or indirectly, in the aggregate, at least 10% or more of the outstanding Common Shares.

ARTICLE 4 PRE-EMPTIVE RIGHTS

4.1 Pre-Emptive Right

- (a) Subject to Section 4.2, no equity securities or securities convertible into or exchangeable or redeemable for equity securities or an option or other right to acquire any such securities of the Corporation or any of its Subsidiaries (collectively, "**Pre-emptive Right Securities**") will be issued, distributed or offered by the Corporation or any of its Subsidiaries and no option or other right for the acquisition of or subscription for any Pre-emptive Right Securities will be

granted at any time after the date hereof other than to the Corporation or any of its Subsidiaries and except upon compliance with the following provisions.

- (b) Except as set forth in Section 4.1(c) below, no Person shall have any pre-emptive preferential participation or similar right or rights to subscribe for or acquire any Pre-emptive Right Securities.
- (c) Except for Excluded Issuances (as defined below), if the Corporation or any of its Subsidiaries proposes to issue, distribute or offer any Pre-emptive Right Securities (other than to the parent thereof), Aegis, provided that at such time, Aegis beneficially owns, or exercises control or direction, directly or indirectly, in the aggregate, at least 10% or more of the outstanding Common Shares, shall be entitled to participate in such issuance, distribution or offering, but only to the extent necessary to maintain its then respective proportional direct or indirect interest in the Corporation or its respective Subsidiaries, as the case may be.
- (d) Subject to the second sentence of this Section 4.1(d), at least fifteen (15) Business Days prior to the closing of any such proposed issuance, distribution or offering, the Corporation shall deliver to Aegis a notice in writing offering Aegis the opportunity to participate in such issuance, distribution or offering, to the extent necessary to maintain its then respective proportional direct or indirect interest in the Corporation or its respective Subsidiaries, as the case may be. The offer will contain a description of the terms and conditions relating to the Pre-emptive Right Securities and will state the price at which the Pre-emptive Right Securities are to be issued, distributed or offered and the date on which the such issuance, distribution or offering of Pre-emptive Right Securities is to be completed and will state that Aegis, if it wishes to subscribe for Pre-emptive Right Securities, may do so by giving written notice of the exercise of the subscription right granted hereby to the Corporation or any of its Subsidiaries within five (5) Business Days after the date upon which the notice contemplated hereby is received by Aegis, provided that, in the case of a Bought Deal, the Corporation shall give Aegis such notice as is practicable under the circumstances given the speed and urgency with which Bought Deals are currently carried out in common market practice of its rights to participate thereunder and Aegis shall have (1) Business Day from the time the Corporation notifies it of such Bought Deal to provide the written notice to the Corporation specified in this Section 4.1(d). Aegis will be entitled to participate in the issuance of the Pre-emptive Right Securities at the most favourable price and on the most favourable terms as such Pre-emptive Right Securities are to be offered to any party, excluding Distribution Expenses.
- (e) If Aegis does not deliver the notice contemplated by Section 4.1(d) within five (5) Business Days (or, in the case of a Bought Deal, (1) Business Day) of its receipt thereof, the Corporation or any of its respective Subsidiaries, as the case may be, may offer such unsubscribed Pre-emptive Right Securities within the period of 30 calendar days after the expiration of such applicable period to any Person, but the price at which such Pre-emptive Right Securities may be issued will not be less than the subscription price offered to Aegis and the terms of payment for such

Pre-emptive Right Securities will not be more favourable to such Person than the terms of payment offered to Aegis.

- (f) If Aegis exercises its right to subscribe for Pre-emptive Right Securities granted under Section 4.1, then the Corporation or any of its respective Subsidiaries, as the case may be, shall, subject to the receipt and continued effectiveness of all required approvals (including the approval(s) of the TSXV, or such other stock exchange or over-the-counter market on which the Common Shares or Pre-emptive Right Securities are then listed and/or traded and any required approvals under applicable Securities Laws), which approvals the Corporation or any of its respective Subsidiaries, as the case may be, shall use all reasonable commercial efforts to promptly obtain (including by applying for any necessary price protection confirmations and seeking shareholder approval (if required)), issue to Aegis, against payment of the subscription price payable in respect thereof, that number of Pre-emptive Right Securities so subscribed for by Aegis. The Corporation or any of its respective Subsidiaries, as the case may be, shall use its reasonable commercial efforts to list the Pre-emptive Right Securities (or the underlying securities into which such Pre-emptive Right Securities are convertible or exchangeable) subscribed for by Aegis pursuant to this Article 4 on each such stock exchange or over-the-counter market on which the already outstanding Pre-emptive Right Securities (or the underlying securities into which such Pre-emptive Right Securities are convertible or exchangeable) are listed.

4.2 Non-Applicability of Pre-Emptive Right

The provisions of Section 4.1 will not apply to issuances of Pre-emptive Right Securities in any of the following circumstances (the “**Excluded Issuances**”):

- (a) to participants in a distribution reinvestment or similar plan, if any;
- (b) in respect of the exercise or issuance of options, warrants, rights or other securities issued under security-based compensation arrangements of the Corporation, which for clarity shall include any employee share purchase plan adopted by the Corporation;
- (c) to shareholders of the Corporation in lieu of cash distributions;
- (d) in respect of the exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which Aegis did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply;
- (e) pursuant to a shareholders’ rights plan of the Corporation;
- (f) to the Corporation or any Subsidiary thereof;
- (g) pursuant to a share split, stock dividend or any similar recapitalization; and

- (h) pursuant to any *bona fide* arm's length acquisition by the Corporation of the shares, assets, properties or business of any Person that is approved by the Board.

ARTICLE 5 REPRESENTATIONS

Each Party represents and warrants to the other Party that it has all requisite corporate power and authority to enter into this Agreement and the execution and delivery of, and the performance of, and compliance with, the terms of this Agreement does not and will not result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under any term or provision of the articles, or resolutions of that Party, any applicable Laws, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which that Party is bound, or any judgment, decree, order, statute, rule or regulation applicable to that Party.

ARTICLE 6 TRANSFERS BY AEGIS

6.1 AGCO Approval

Aegis shall not, in any manner, directly or indirectly, sell, assign or transfer (each of the foregoing, a “**Transfer**”), Consideration Shares unless such Transfer (i) has been approved by the AGCO (to the extent such approval is required) and (ii) does not impair the AGCO's licensing process in respect of the Corporation in any material respect. The Corporation shall, within five (5) Business Days of any request by Aegis relating to the foregoing, notify Aegis in writing of any such required approvals or impairments to the licensing process that the Corporation reasonably believes are required and/or likely (failing which, Aegis shall not be restricted from consummating a Transfer of such Consideration Shares pursuant to this Section 6.1) and, following the delivery of any such notice, the Corporation and Aegis shall cooperate in good faith with the AGCO in order to obtain such approvals and/or address any concerns with respect to the Corporation's licensing process with a view to permitting Aegis to Transfer the Consideration Shares in compliance with this Section 6.1.

6.2 Block Trades

- (a) Aegis shall not Transfer any Consideration Shares by way of a Block Trade unless:
 - (i) such Block Trade is completed through a Registered Broker; and
 - (ii) if, to the knowledge of Aegis after reasonable inquiry with such Registered Broker, such Block Trade would result in a Person (whether or not an existing shareholder of the Corporation) beneficially owning, or exercising control or direction over, directly or indirectly, five percent (5%) or more of the Common Shares or is to a Person that prior to such trade beneficially owns, or exercises control or direction over, directly or indirectly, five percent (5%) or more of the Common Shares, Aegis first obtains the prior

written consent of the Corporation in respect of such Block Trade (such consent not to be unreasonably withheld, conditioned or delayed);

- (b) The restrictions in Section 6.2(a) (i) shall not apply in the circumstances set forth in Section 6.3(b) and Section 6.3(c) below, and (ii) shall be of no further force or effect at such time as Aegis no longer beneficially owns, or exercises control or direction, directly or indirectly, in the aggregate, at least 10% or more of the outstanding Common Shares.

6.3 Restrictions on Transfer on Initial Consideration Shares

- (a) Following the Closing Date, except as specifically contemplated by the Purchase Agreement or permitted in Section 6.3(b) or 6.3(c), Aegis agrees not to, directly or indirectly, Transfer Initial Consideration Shares until the later of (i) the date on which a Transfer of the Initial Consideration Shares is permitted under the rules of the TSXV, and (ii) the date that is:
 - (i) four months and a day following the Closing Date, with respect to 25% of the Initial Consideration Shares;
 - (ii) seven months following the Closing Date, with respect to 50% of the Initial Consideration Shares;
 - (iii) 10 months following the Closing Date with respect to 75% of the Initial Consideration Shares; and
 - (iv) 12 months following the Closing Date, with respect to all of the Initial Consideration Shares.
- (b) Notwithstanding anything to the contrary herein, Aegis shall be permitted to tender any of the Consideration Shares to a Person making a formal take-over bid for all outstanding securities of the Corporation, a purchase of all or substantially all of the assets of the Corporation, plan of arrangement, merger or similar material transaction which results in those shareholders that control the Corporation prior to such transaction not controlling the Corporation following such transaction (each a “**Control Transaction**”); provided that if the Control Transaction is not completed for any reason, such Consideration Shares shall continue to be subject Section 6.2(a) and 6.3(a).
- (c) Notwithstanding anything to the contrary herein, Aegis shall be permitted to Transfer the Consideration Shares or the beneficial ownership of, or any interest in the Consideration Shares or in any certificate evidencing the Consideration Shares to any controlled Affiliate of Aegis, provided that the Affiliate agrees with the Corporation in writing prior to the Transfer to be bound by the terms of this Agreement.

ARTICLE 7
MISCELLANEOUS PROVISIONS

7.1 Waiver Must be in Writing

No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

7.2 No Amendment Except in Writing

This Agreement may be amended only by written instrument executed by the Corporation and Aegis.

7.3 Service of Notice

Notwithstanding anything to the contrary contained herein, any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon delivery, when sent by email (provided that confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same.

7.4 Addresses for Notice

The address for service of notices hereunder of each of the Parties shall be as follows:

Corporation: Kiaro Holdings Corp.
 #300 – 110 E Cordova St
 Vancouver, BC V6A 1K9
 Attention: Daniel Petrov
 E-mail: daniel@kiaro.com

with a copy (which shall not constitute notice) to:

MLT Aikins LLP
1066 Hastings Street W, Suite 2600
Vancouver, BC V6C 3X1
Attention: Jonathan O'Connor
E-mail: joconnor@mltaikins.com

Aegis: Aegis Brands Inc.
 c/o Goodmans LLP
 333 Bay Street, Suite 3400

Toronto, Ontario M5H 2S7
Attention: Steve Pelton / Ba Linh Le
Email: spelton@aegisbrands.ca / blle@aegisbrands.ca

with a copy (which shall not constitute notice) to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Attention: John Connon / Matt Prager
Email: jconnon@goodmans.ca / mprager@goodmans.ca

A Party may change its address for service by notice to the other Party, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

7.5 Further Assurances

Each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

7.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Corporation and Aegis hereby submit to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

7.7 Time

Time shall be of the essence in this Agreement.

7.8 Entire Agreement

This Agreement and any agreement or document delivered pursuant to this Agreement constitute the entire agreement between the Corporation and Aegis relating to the subject matter hereof and thereof. There are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to the subject matter hereof. This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties or their predecessors relating to the subject matter of this Agreement.

7.9 Assignment and Enurement

Neither this Agreement nor any benefits or duties accruing under this Agreement shall be assignable by any Party (other than by Aegis to an Affiliate) without the prior written consent of the other Party (not to be unreasonably withheld). Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

7.10 Counterpart Execution

A Party will be entitled to rely on delivery by facsimile or by e-mail in PDF format of an executed copy of this Agreement by the other Party, including the completed attachments hereto, and acceptance by the receiving party of such facsimile or PDF copy will be legally effective to create a valid and binding agreement between the Corporation and Aegis in accordance with the terms hereof. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

[The remainder of this page is left blank intentionally]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

KIARO HOLDINGS CORP.

Per: _____
Name: Daniel Petrov
Title: Chief Executive Officer

AEGIS BRANDS INC.

Per: _____
Name: Steven Pelton
Title: Chief Executive Officer

SCHEDULE A

REGISTRATION PROCEDURES

1.1 Registration Procedures

Whenever the Corporation is under an obligation pursuant to the provisions of this Agreement to effect the qualification of Common Shares in connection with a Distribution of any Common Shares on behalf of Aegis:

- (a) the Corporation shall prepare and file as expeditiously as practicable (and, in any event, not later than 45 days after the receipt of a Demand Notice in the case of a Distribution other than by way of a Bought Deal) with the appropriate Canadian Securities Regulatory Authorities all documents reasonably necessary, including, if required, a Prospectus or short form Prospectus and any amendment or supplement thereto, to qualify for Distribution the Common Shares requested to be qualified by Aegis and, in so doing, use commercially reasonable efforts to settle all deficiencies and obtain those receipts and clearances and provide those customary undertakings and commitments as may be reasonably required by any Canadian Securities Regulatory Authority, all as may be necessary to permit the Distribution of the Common Shares requested to be qualified by Aegis in compliance with all applicable Securities Laws. Notwithstanding the foregoing, in the event the Distribution is to be made pursuant to a Bought Deal in accordance with this Agreement, the Corporation shall attend to such preparations and filings as soon as is practical in the circumstances taking into account the speed and urgency under which Bought Deals are conducted;
- (b) prior to the filing of a Prospectus and up to the date of completion of the Distribution of the Common Shares requested to be qualified by Aegis, the Corporation shall permit Aegis to review and participate in the preparation of the Prospectus and any related offering materials or filings and shall allow Aegis and any underwriters or agents involved to conduct any due diligence investigations reasonably requested, provided, however, that Aegis shall not have any right to approve the content of the Prospectus or related offering material (other than content relating to or describing Aegis or its Affiliates);
- (c) during the period from the date of initiation of the Distribution and up to the date of completion of the Distribution of the Common Shares requested to be qualified by Aegis, the Corporation shall promptly notify Aegis in writing of:
 - (i) any filing made by the Corporation of information relating to the Distribution with any Canadian Securities Regulatory Authority and any correspondence with any Canadian Securities Regulatory Authority regarding the Distribution;
 - (ii) any material fact within the meaning of applicable Securities Laws which has arisen or has been discovered and would have been required to have been stated in the Prospectus or any related offering materials or filings

had the fact arisen or been discovered on, or prior to, the date of such document; and

- (iii) any change in any material fact within the meaning of applicable Securities Laws (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained in the Prospectus or any related offering materials or filings which fact or change is, or may be, of such a nature as to render any statement in any such document misleading or untrue in any material respect or which would result in a misrepresentation within the meaning of applicable Securities Laws in any such document, or which would result in any such document not complying with applicable Securities Laws.
- (d) during the period from the date of initiation of the Distribution to the date of completion of the Distribution of the Common Shares requested to be qualified by Aegis, Aegis shall promptly notify the Corporation in writing of:
- (i) any filing made by Aegis of information relating to the Distribution with any Canadian Securities Regulatory Authority and any correspondence with any Canadian Securities Regulatory Authority regarding the Distribution;
 - (ii) any material fact, within the meaning of applicable Securities Laws, in respect of Aegis which has arisen or has been discovered and would have been required to have been stated in the Prospectus or any related offering materials or filings had the fact arisen or been discovered on, or prior to, the date of such document; and
 - (iii) any change in any material fact, within the meaning of applicable Securities Laws, (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact), in respect of Aegis, contained in the Prospectus or any related offering materials or filings which fact or change is, or may be, of such a nature as to render any statement in any such document misleading or untrue in any material respect or which would result in a misrepresentation within the meaning of applicable Securities Laws in any such document, or which would result in any such document not complying with applicable Securities Laws.
- (e) promptly, and in any event within any applicable time limitation, the Corporation shall comply with all applicable filings and other requirements under applicable Securities Laws as a result of a material change, the discovery of a material fact or the change in a material fact referred to under Section 1.1(c) or Section 1.1(d) of this Schedule A, provided that the Corporation shall not file any amendment to the Prospectus or other document without first complying with its obligations in Section 1(c) of this Schedule A;

- (f) the Corporation shall furnish to Aegis such number of copies of any preliminary Prospectus, Prospectus and any supplements or amendments thereto, any documents incorporated by reference in such Prospectus and such other documents as Aegis may reasonably request in order to facilitate the Distribution of the Common Shares requested to be qualified by Aegis;
- (g) if an underwritten public offering is contemplated, the Corporation and Aegis shall execute and perform the obligations under an underwriting agreement containing customary representations, warranties and indemnities for the benefit of Aegis, the Corporation and the underwriter(s);
- (h) subject to applicable Securities Laws, the Corporation shall keep the Prospectus effective until Aegis has completed the sale of Common Shares under the Prospectus, but no longer than 60 days from the date of the Prospectus, provided that Aegis uses commercially reasonable efforts to complete such sale as soon as reasonably practicable;
- (i) the Corporation shall use commercially reasonable efforts to promptly furnish to the underwriter(s) involved in the Distribution all documents as they may reasonably request;
- (j) the Corporation shall use its commercially reasonable efforts to list the Common Shares requested to be qualified by Aegis on each securities exchange or quotation system on which the Common Shares are then- listed or quoted, if such Common Shares are not already so listed or quoted;
- (k) the Corporation shall use commercially reasonable efforts to prevent the issuance of any cease trading order suspending the use of any Prospectus and, if any such order is issued, to promptly obtain the withdrawal of any such order; and
- (l) the Corporation shall use its commercially reasonable efforts to furnish, at the request of Aegis, on the date that such Common Shares are delivered to the underwriters for sale in connection with the Distribution:
 - (i) an opinion, dated such date, of the Corporation's counsel for the purposes of such Distribution, in form and substance as is customarily given to selling shareholders in an underwritten public offering, addressed to Aegis and the underwriters; and
 - (ii) a letter, dated such date, from the Corporation's auditors, in form and substance as is customarily given by auditors to underwriters in an underwritten public offering, addressed to Aegis and the underwriters, if any.

1.2 Rights and Obligations of Aegis

Aegis will furnish to the Corporation such information and execute such documents regarding the Common Shares requested to be qualified by Aegis and the intended method of disposition thereof as the Corporation may reasonably request in order to effect the requested qualification

for sale or other disposition. If an underwritten public offering is contemplated, Aegis shall execute an underwriting agreement containing customary representations, warranties and indemnities (and contribution covenants) for the benefit of the underwriters and the Corporation; provided that the obligation to indemnify set out in such underwriting agreement shall be limited in amount to the gross proceeds received by Aegis from the sale of Common Shares requested to be qualified by Aegis pursuant to such Distribution.

1.3 Indemnification

- (a) The Corporation will indemnify Aegis, each of its director, officers, employees and agents, with respect to a registration which has been effected pursuant to this Agreement, and each underwriter, if any, of the Corporation's securities covered by such registration, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof) including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any Prospectus or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by the Corporation of applicable Securities Laws in connection with any such registration, and the Corporation will reimburse Aegis and each of its directors, officers, employees and agents, and each such underwriter, for any reasonable legal and any other expenses incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or action, provided that the Corporation will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any information that has been provided to the Corporation in writing by Aegis or an underwriter retained by Aegis that is contained in such Prospectus, or any amendment or supplement thereto.
- (b) Aegis will, if Common Shares held by Aegis are included in the securities as to which such registration is being effected, indemnify the Corporation, each of its directors, officers, employees and agents, and each underwriter, if any, of the Corporation's securities covered by such a registration, against all expenses, claims, losses, damages and liabilities or actions in respect thereof, including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any Prospectus or any amendment or supplement thereto or based on any omission (or alleged omission) to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by Aegis of applicable Securities Laws in connection with any such registration and Aegis, and Aegis will reimburse the Corporation, such directors, officers, employees, agents and such underwriters for any reasonable legal and any other expenses incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or

action, in each case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any such information contained in such Prospectus, or any amendment or supplement thereto, but in any case only with respect to an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Corporation by Aegis for use in the Prospectus; provided, however, that the liability of Aegis for indemnification under this Section 1.3(b) will not exceed the net proceeds from the Distribution actually received by Aegis.

- (c) Each party entitled to indemnification under this Section 1.3 (the “**Indemnified Party**”) will give written notice to the party required to provide indemnification (the “**Indemnifying Party**”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and will permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who will conduct the defense of such claim or litigation, will be approved by the Indemnified Party (whose approval will not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party’s expense, and provided further that the failure of any Indemnified Party to give notice as provided herein will not relieve the Indemnifying Party of its obligations under this Section 1.3 unless the failure to give such notice is materially prejudicial to an Indemnifying Party’s ability to defend such action. An Indemnified Party will have the right to retain its own counsel, with fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential conflicting interests between such Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, will, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnified Party shall settle any claim or litigation resulting therefrom without the prior written consent of the Indemnifying Party, not to be unreasonably withheld.
- (d) If the indemnification provided for in this Section 1.3 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, will contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations, provided, however, that the liability of Aegis under this subsection (d) will not exceed the net proceeds from the

offering received by Aegis. The relative fault of the Indemnifying Party and of the Indemnified Party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent with respect to, knowledge regarding and opportunity to correct, such information.

- (e) Notwithstanding the foregoing, to the extent that the provisions regarding indemnification and contribution contained in an underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions of the underwriting agreement shall prevail and the sections regarding indemnification and contribution contained herein shall not apply to any offering for which the parties have entered into a binding underwriting agreement.

EXHIBIT B
FORM OF KIARO WARRANT CERTIFICATE

(See attached)

EXERCISABLE PRIOR TO 5:00 P.M. (VANCOUVER TIME) ON [●], 2024, AFTER WHICH TIME THESE WARRANTS SHALL BE NULL AND VOID.

WARRANTS TO PURCHASE COMMON SHARES OF

KIARO HOLDINGS CORPORATION
(amalgamated under the laws of British Columbia)

Number W-1

Number of Warrants represented by this
certificate: 6,700,000

THIS CERTIFIES that, for value received, Aegis Brands Inc. (the “**Holder**”) is the registered holder of 6,700,000 warrants (each, a “**Warrant**”), each of which entitles the Holder, subject to the terms and conditions set forth in this Warrant certificate (“**Warrant Certificate**”), to purchase from Kiaro Holdings Corporation (the “**Issuer**”) one common share of the Issuer’s authorized share structure (a “**Common Share**”) at any time and from time to time until 5:00 p.m. (Vancouver time) (the “**Time of Expiry**”) on ●], 2024 (the “**Expiry Date**”), on payment of \$0.16 per Common Share (the “**Exercise Price**”). Capitalized terms used herein and not defined shall have the meanings ascribed to them in the share purchase agreement dated July 12, 2021 among, *inter alia*, the Holder and the Issuer.

The Issuer shall treat the Holder as the absolute owner of these Warrants for all purposes and the Issuer shall not be affected by any notice or knowledge to the contrary. The Holder shall be entitled to the rights evidenced by this Warrant Certificate free from all equities and rights of set-off or counterclaim between the Issuer and the original or any intermediate holder and all persons may act accordingly and the receipt by the Holder of the Common Shares issuable upon exercise hereof shall be a good discharge to the Issuer and the Issuer shall not be bound to inquire into the title of any such Holder.

The additional terms set out in Schedule “B” are incorporated into and form part of this Warrant Certificate.

1. Exercise of Warrants

- (a) Vesting. The Warrants shall vest immediately.
- (b) Election to Exercise. The rights evidenced by this Warrant Certificate may be exercised by the Holder in whole or in part and in accordance with the provisions hereof by delivery of an election to exercise in substantially the form attached hereto as Schedule “A” (an “**Election to Exercise**”), properly completed and executed, together with payment of the aggregate Exercise Price by bank draft, certified cheque or wire transfer of immediately available funds payable to or to the order of the Issuer in the amount of the Exercise Price multiplied by the number of Common Shares specified in the Election to Exercise at the office of the Issuer, #300 - 110 East Cordova Street, Vancouver, BC V6A 1K9 or such other address in Canada as the Holder may be notified of in writing by the Issuer. In the event that the rights evidenced by this Warrant Certificate are exercised in part, the Issuer shall, contemporaneously with the issuance of the Common Shares issuable on the exercise of the Warrants so exercised, issue to the Holder a Warrant Certificate on identical terms in respect of that number of Common Shares in respect of which the Holder has not exercised the rights evidenced by this Warrant Certificate.

- (c) Exercise. The Issuer shall, on the date it receives a duly executed Election to Exercise and funds equal to the Exercise Price by bank draft, certified cheque or wire transfer of immediately available funds payable to or to the order of the Issuer for the number of Common Shares specified in the Election to Exercise (the “**Exercise Date**”), issue that number of Common Shares specified in the Election to Exercise, as fully paid and non-assessable.
- (d) Share Certificates. As promptly as practicable after the Exercise Date and, in any event, within five Business Days of receipt of the Election to Exercise, the Issuer shall issue and deliver to the Holder, registered in such name or names as the Holder may direct or if no such direction has been given, in the name of the Holder, certificates for the number of Common Shares to which the Holder is entitled based on the number of Common Shares specified in the Election to Exercise. To the extent permitted by law, such exercise shall be deemed to have been effected as of the close of business on the Exercise Date, and at such time the rights of the Holder with respect to the number of Warrants which have been exercised as such shall cease, and the person or persons in whose name or names any share certificates shall then be issuable upon such exercise shall be deemed to have become the holder or holders of record of the Common Shares represented thereby.
- (e) If Share Transfer Books Closed. The Issuer shall not be required to deliver certificates for Common Shares issued pursuant to this Warrant Certificate while the share transfer books of the Issuer are properly closed, prior to any meeting of its respective shareholders or for the payment of dividends or for any other proper purpose and in the event of the surrender of any Warrant in accordance with the provisions hereof and the making of any subscription and payment for the Common Shares called for thereby during any such period delivery of certificates for Common Shares may be postponed for a period not exceeding five Business Days after the date of the re-opening of said share transfer books provided that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder, if the Holder has surrendered the same and made payment during such period, to receive such certificates for the Common Shares called for after the share transfer books shall have been re-opened.
- (f) Fractional Common Shares. No fractional Common Shares shall be issued upon exercise of the Warrants, and in such case, the number of Common Shares issuable upon the exercise of any Warrants shall be rounded down to the nearest whole number.

2. Replacement

Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of this Warrant Certificate and, if requested by the Issuer, upon delivery of a bond of indemnity reasonably satisfactory to the Issuer (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) or, in the case of mutilation, upon surrender of this Warrant Certificate, the Issuer will issue to the Holder a replacement certificate containing the same terms and conditions as this Warrant Certificate.

3. Expiry Date

The Warrants shall expire and all rights to purchase Common Shares hereunder shall cease and become null and void at the Time of Expiry on the Expiry Date.

4. Covenant

So long as any Warrants remain outstanding, the Issuer covenants that it shall do or cause to be done all things necessary to maintain its corporate existence.

5. Inability to Deliver Common Shares

If for any reason, other than the failure or default of the Holder, the Issuer is legally prohibited from issuing and delivering the Common Shares to the Holder upon the proper exercise by the Holder of the right to purchase any of the Common Shares covered by this Warrant Certificate, the Issuer may pay, at its option and in complete satisfaction of its obligations hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the current market value of such Common Shares or other securities on the Exercise Date.

6. Resale Restrictions, Legending of Certificates

These Warrants may not be exercised in the United States or by or on behalf of a “U.S. Person” (as that term is defined in Regulation S adopted by the United States Securities Exchange Commission under the United States Securities Act of 1933, as amended (“**U.S. Securities Act**”)) unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and the holder of these Warrants has furnished an opinion of counsel of recognized standing in form and substance satisfactory to the Issuer to such effect.

7. Limitations on Transfer

- (a) The Warrants evidenced by this Warrant Certificate (including any portion thereof) shall be freely transferable by the Holder, provided that the Holder may not transfer Warrants to any Person that, after giving effect to the exercise of the Warrants so transferred, to the knowledge of the Holder after reasonable inquiry, is to a Person that exercises control or direction over, directly or indirectly, five percent (5%) or more of the common shares of the Issuer prior to such proposed transfer or would result in such Person beneficially owning, or exercising control or direction over, directly or indirectly, five percent (5%) or more of the common shares of the Issuer unless the Holder first obtains the prior written consent of the Issuer (such consent not to be unreasonably withheld, conditioned or delayed).
- (b) Notwithstanding the foregoing, Aegis shall in no event be required to obtain the consent of the Issuer in the case of a transfer: (i) to an Affiliate, (ii) to a Person making a formal take-over bid for all outstanding securities of the Issuer, a purchase of all or substantially all of the assets of the Issuer, plan of arrangement, merger or similar material transaction which results in those shareholders that control the Issuer prior to the such transaction not controlling the Corporation following such transaction (a “**Control Transaction**”), provided that if the Control Transaction is not completed for any reason, the provisions of this Section 7 shall continue to apply.
- (c) Subject to the foregoing, the Issuer shall issue and mail as soon as practicable, and in any event within five Business Days of such delivery, a new Warrant certificate (with or without legends as may be appropriate) registered in the name of the transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed.

8. Not a Shareholder

Nothing in this Warrant Certificate or in the holding of a Warrants evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Issuer.

9. No Obligation to Purchase

Nothing in this Warrant Certificate or in the holding of a Warrants evidenced hereby shall obligate the Holder to subscribe for or the Issuer to issue any Common Shares except those Common Shares in respect of which the Holder shall have exercised its right to purchase hereunder from its Warrants in the manner provided herein.

10. Governing Law

The laws of the Province of British Columbia and the laws of Canada applicable therein shall govern the Warrants. Any and all disputes arising under this Warrant Certificate, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of British Columbia and the Holder shall be deemed to have irrevocably attorned to the jurisdiction of the courts of such Province.

11. Notice

Unless herein otherwise expressly provided, a notice to be given hereunder will be deemed to be validly given if the notice is sent by telecopier or prepaid same day courier addressed as follows:

- (i) If to the Holder at:

Aegis Brands Inc.
c/o Goodmans LLP
333 Bay St., Suite 3400
Toronto, ON M5H 2S7
Attention: John Connon

with a copy to (which shall not constitute notice):

Goodmans LLP
333 Bay St., Suite 3400
Toronto, ON M5H 2S7
Attention: John Connon;

- (ii) If to the Issuer at:

Kiaro Holdings Corp.
#300 - 110 East Cordova Street
Vancouver, BC V6A 1K9
Attention: Chief Executive Officer

Notice so mailed shall be deemed to have been given on the fifth Business Day after deposit in a post office or public letter box. Neither party shall mail any notice, request or other communication hereunder during any period in which applicable postal workers are on strike or if such strike is imminent and may reasonably be anticipated to affect the normal delivery of mail. Notice transmitted by a form of recorded telecommunication or delivered personally shall be deemed given on the day of transmission or personal delivery, as the case may be provided that if such day is not a Business Day then the notice, request or other communication shall be deemed to have been given and received on the first Business Day following such day. Any party may from time to time notify the other in the manner provided herein of any change of address which, until change by like notice, shall be the address of such party for all purposes hereof.

12. Severability

If any one or more of the provisions or parts thereof contained in this Warrant Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom

13. Headings

The headings of the articles, sections, subsections and clauses of this Warrant Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Warrant Certificate.

14. Numbering of Articles, etc.

Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause, or subclause refers to the article, section, subsection, clause or subclause bearing that number or letter in this Warrant Certificate.

15. Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

16. Further Assurances

The Issuer shall promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

17. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

16. Successors

This Warrant Certificate shall enure to the benefit of and shall be binding upon the Holder, the Issuer, and their respective successors and permitted assigns.

17. Time of Essence

Time shall be of the essence hereof.

IN WITNESS WHEREOF the Issuer has caused this Warrant Certificate to be signed by its duly authorized officer.

DATED as of [●], 2021.

KIARO HOLDINGS CORP.

Per: _____
Authorized Signing Officer

SCHEDULE "A"

ELECTION TO EXERCISE

Capitalized terms used herein have the meanings ascribed thereto in the Warrant Certificate (the "**Certificate**") to which this schedule is attached. All dollar amounts referred to herein are in Canadian dollars.

The undersigned Holder hereby irrevocably elects to exercise the Warrants granted by the Issuer pursuant to the Certificate for the number of Common Shares (or other property or securities contemplated in the Certificate) as set forth below:

- (a) Number of Common Shares to be acquired _____
- (b) Exercise Price (per Common Share) <<Exercise Price>> _____
- (c) Aggregate Exercise Price \$ _____

The Holder hereby tenders the aggregate Exercise Price (whether by certified cheque, bank draft or wire transfer of immediately available funds) and directs the Common Shares to be registered and certificates therefor to be issued as directed below.

The undersigned hereby certifies that the undersigned (i) is not (and is not exercising the Warrants for the account or benefit of) a U.S. Person, (ii) did not execute or deliver this exercise form in the United States and (iii) has in all other aspects complied with the terms of Regulation S of the U.S. Securities Act, or any successor rule or regulation of the United States Securities and Exchange Commission in effect. A "U.S. Person" includes, but is not limited to, any natural person resident in the United States and any partnership or corporation organized or incorporated under the laws of the United States. "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

Direction as to Registration

Name of Registered Holder: _____

Address of Registered Holder: _____

DATED this _____ day of _____, 20_____.

Per: _____

Name: _____

Title: _____

SCHEDULE "B"

ADDITIONAL TERMS

1.1 Adjustments

The number of Common Shares purchasable upon the exercise of each Warrant and the Exercise Price shall be subject to adjustment as follows:

- (a) If, at any time prior to the Expiry Time, the Issuer:
 - (i) pays a stock dividend or other distribution in Common Shares or securities convertible or exchangeable into Common Shares ("**Convertible Securities**") or makes a distribution in Common Shares or Convertible Securities, in each case to the holders of all or substantially all of the outstanding Common Shares;
 - (ii) subdivides, redivides or changes its then outstanding Common Shares into a greater number of shares; or
 - (iii) reduces, combines or consolidates its then outstanding Common Shares into a lesser number of shares,

the Exercise Price in effect on the effective date of any such event shall be adjusted (A) immediately after such event in the case of an event referred to in paragraph (ii) or (iii) above, or (B) as of the record date on which holders of Common Shares are determined for purposes of an event referred to in paragraph (i) above, as the case may be, so that it shall equal the amount determined by multiplying the Exercise Price in effect immediately prior to such event by a fraction, of which the numerator shall be the total number of Common Shares outstanding immediately prior to such event and of which the denominator shall be the total number of Common Shares and outstanding immediately after such event (including, in the case of a distribution of Convertible Securities, the number of Common Shares that would have been outstanding if such Convertible Securities had been exchanged for or converted into Common Shares on such date). The number of Common Shares which the Holder is entitled to purchase upon exercise of each Warrant shall be adjusted at the same time by multiplying the number by the inverse of the aforesaid fraction. Such adjustments shall be made successively whenever any event referred to in this subsection (a) shall occur. Any such issue of Common Shares or Convertible Securities by way of a stock dividend or distribution contemplated in paragraph (i) above shall be deemed to have been made on the record date for the stock dividend or distribution for the purpose of calculating the number of outstanding Common Shares immediately after such event under this subsection (a) and subsection (e) of this Section 1.1. In the event that any adjustment in the Exercise Price occurs pursuant to paragraph (iii) above as a result of the distribution of Convertible Securities, the Exercise Price shall be readjusted after the expiration of any relevant exchange or conversion right to the number of Common Shares which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration.

- (b) If, at any time prior to the Expiry Time, the Issuer fixes a record date for the issuance of rights, options or warrants to all or substantially all holders of its outstanding Common Shares, entitling them (for a period expiring not more than 45 days after the record date mentioned below) to subscribe for or purchase Common Shares or Convertible Securities

at a price per Common Share (or having a conversion or exchange price per Common Share) which is lower than 95% of the Current Market Price (as defined below) as of such record date, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the sum of:
 - A. total number of Common Shares outstanding on such record date; plus
 - B. the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the Convertible Securities so offered) by such Current Market Price (as defined below); and
- (ii) the denominator of which shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the Convertible Securities so offered are convertible or exchangeable).

The number of Common Shares which the Holder is entitled to purchase upon exercise of each Warrant shall be adjusted at the same time by multiplying the number by the inverse of the aforesaid fraction. Any Common Shares owned by or held for the account of the Issuer or any subsidiary of the Issuer shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be re-adjusted to the exercise price which would then be in effect based upon the number and aggregate price of Common Shares (or Convertible Securities) actually issued upon the exercise of such rights, options or warrants, as the case may be.

- (c) If, at any time prior to the Expiry Time, the Issuer fixes a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) shares of any class other than Common Shares, or (ii) rights, options or warrants (excluding rights contemplated in subsection (b) above), or (iii) evidence of its indebtedness, or (iv) assets (excluding dividends paid in the ordinary course), including cash, securities, shares of other corporations or other property, then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the greater of:
 - A. one; and
 - B. the difference between (i) the product of the total number of Common Shares outstanding on such record date multiplied by the Current Market Price (as defined below) per Common Share on such record date, less (ii) the fair market value (as determined by the board of directors of the Issuer acting reasonably and in good

faith, which determination, absent error, shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed; and

- (ii) the denominator of which shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share.

The number of Common Shares which the Holder is entitled to purchase upon exercise of each Warrant shall be adjusted at the same time by multiplying the number by the inverse of the aforesaid fraction. Any Common Shares owned by or held for the account of the Issuer shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the exercise price shall be re-adjusted to the exercise price which would then be in effect if such record date had not been fixed or to the exercise price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be, and in clause (c)(iv) above the term "dividends paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends paid in the ordinary course.

- (d) If, at any time prior to the Expiry Time, there is (i) a reclassification or redesignation of the Common Shares at any time outstanding or a change, exchange or conversion of the Common Shares into or for other shares or property or any other capital reorganization of the Issuer not covered in subsection (a) of this Section 1.1, (ii) a consolidation, amalgamation, arrangement, merger or other business combination of the Issuer with or into any other corporation, or (iii) a sale of all or substantially all of the property and assets of the Issuer to any other person, a holder of Warrants represented by this Warrant Certificate which have not been exercised prior to the effective date of any such event shall thereafter, upon the exercise of such Warrants, be entitled to receive and shall accept in lieu of the number of Common Shares, as then constituted, to which the Holder was previously entitled upon exercise of the Warrants, but for the same aggregate consideration payable therefor, the number of shares or other securities or property of the Issuer or of the corporation resulting from such reclassification, redesignation, change, exchange, conversion, capital reorganization, consolidation, amalgamation, arrangement, merger or other business combination or of the person to which such sale may be made, as the case may be, that such Holder would have been entitled to receive in connection with such event if, immediately prior to the effective time thereof, the Holder had been the registered holder of the number of Common Shares to which the Holder was previously entitled upon due exercise of the Warrants. In any case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Warrant Certificate with respect to the rights and interests thereafter of the holders of the Warrants to the end that the provisions set forth in this Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares or securities or property to which the holder may be entitled upon the exercise of such Warrants thereafter.
- (e) The adjustments required under the terms of this Warrant Certificate upon the occurrence of any of the events referred to herein shall become effective immediately after a record date for such event. The Issuer may defer, until the occurrence of such event, issuing to the Holder, to the extent that any Warrants are exercised after such record date and before the occurrence of such event, the kind and amount of shares, other securities or property to

which it would be entitled upon such exercise by reason of the adjustment required by such event; provided, however, that the Issuer shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive the kind and amount of shares, other securities or property to which it would be entitled upon the occurrence of the event requiring such adjustment and the right to receive any distributions made or declared in favour of holders of record of Common Shares as constituted from time to time on and after such date as the Holder would, but for the provisions of this subsection (e), have received, or become entitled to receive, on such exercise.

- (f) The adjustments provided for in this Warrant Certificate are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Warrant Certificate.
- (g) If at any time the Issuer will take any action affecting the Common Shares, other than an action or an event described above in this Schedule B, which in the reasonable opinion of the directors of the Issuer would have a material adverse effect upon the rights of the Holder, the Exercise Price and the number of Common Shares purchasable under this Warrant Certificate will be adjusted in such manner and at such time as the directors may reasonably determine in good faith to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof.
- (h) For the purposes this Section 1.1, the "**Current Market Price**" per Common Share at any date shall be the weighted average price per Common Share for the five (5) consecutive Trading Days ending on the date immediately prior to such date on the stock exchange on which the Common Shares are then traded (an "**Exchange**"); provided if the Common Shares are then traded on more than one Exchange, then on the Exchange on which the largest volume of Common Shares were traded during such five (5) consecutive trading day period. The weighted average price per Common Share shall be determined by dividing the aggregate sale price of all Common Shares sold on such Exchange during the said five (5) consecutive Trading Days by the total number of Common Shares so sold during such period. For purposes of this subsection (h), "**Trading Day**" means, with respect to a Exchange, a day on which such Exchange is open for trading or quotation. Should the Common Shares not be listed on any Exchange the Current Market Price per Common Share at any date shall be determined by a nationally recognized accounting firm acceptable to both the Issuer and the Holder, each acting reasonably.
- (i) No adjustment in the number of Common Shares purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least one per cent (1%) in the number of Common Shares purchasable upon the exercise of each Warrant; provided, however, that any adjustments which by reason of this subsection (i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest one-hundredth of a share.
- (j) No adjustment in the Exercise Price or in the number of Common Shares purchasable upon exercise of Warrants shall be made in respect of any event described in this Schedule B if the Holder is entitled to participate in or concurrent with such event on the same terms, mutatis mutandis, as if it had exercised its Warrant prior to or on the effective date or record date, as the case may be, of such event. The terms of the participation of the Holder in such event shall be subject to the prior written approval, if required, of the principal

Canadian stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading.

1.2 Voluntary Adjustment by the Issuer

Subject to any requisite Exchange approval, the Issuer may, at its option, at any time during the term of the Warrants, reduce the then-current Exercise Price to any amount deemed appropriate by the Board of Directors of the Issuer.

1.3 Notice of Adjustment

At least 10 Business Days prior to the earlier of the effective date or record date of any event that requires or may require an adjustment provided for in this Schedule B, the Issuer shall promptly send to the Holder by first class mail, postage prepaid, notice of such adjustment or adjustments specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a certificate has been given is not then determinable, the Issuer shall promptly after such adjustment is determinable deliver to the Holder a certificate of the Issuer showing how such adjustment was computed. The Issuer hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares shall be open during normal business hours for inspection by the Holder, and that the Issuer will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 Business Day period.

1.5 Preservation of Subscription Rights Upon Merger, Consolidation, etc.

In connection with any consolidation of the Issuer with, or amalgamation, arrangement, or merger of the Issuer with or into, another corporation (including, without limitation, pursuant to a "takeover bid", "tender offer" or other acquisition of all or substantially all of the outstanding Common Shares) or in case of any sale, transfer, or lease to another corporation of all or substantially all the property of the Issuer, the Issuer or such successor or purchasing corporation, as the case may be, shall execute with the Holder an agreement that the Holder shall have the rights thereafter provided for in this Schedule B.

1.6 Determination of Adjustments

If any questions shall at any time arise with respect to the Exercise Price, such question shall be conclusively determined by a nationally recognized accounting firm chosen by the Issuer and acceptable to the Holder, acting reasonably, and who shall have access to all appropriate records of the Issuer and such determination shall be binding upon the Issuer and the Holder absent manifest error.

EXHIBIT C
FORM OF NON-COMPETITION / NON-SOLICITATION AGREEMENT

(See attached)

NON-COMPETITION / NON-SOLICITATION AGREEMENT

THIS AGREEMENT (this "**Agreement**") dated as of the ● day of ●, 2021 is made between Aegis Brands Inc. (the "**Vendor**"), Kiaro Brands Inc. ("**KBI**") and Kiaro Holdings Corporation ("**Kiaro**").

WHEREAS the Vendor, KBI, Kiaro and 2734524 Ontario Inc. (the "**Corporation**") have entered into a share purchase agreement (the "**Purchase Agreement**") dated July 12, 2021 providing for Kiaro's acquisition of control of all of the issued and outstanding shares of the Corporation from the Vendor;

AND WHEREAS the Vendor, in the Vendor's capacity as a shareholder of the Corporation, has had access to the Business and information concerning the Corporation, including its confidential information, and has developed certain business relationships, customer loyalty and goodwill;

AND WHEREAS because Kiaro and KBI intend to cause the Business to be conducted following Closing and a substantial portion of the value of the Corporation includes its confidential information, business relationships, customer loyalty and goodwill, the Purchase Agreement provides that the Vendor shall execute and deliver to KBI this Agreement in connection with Closing.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 All capitalized terms used but not defined in this Agreement (including the foregoing recitals) shall have the same meaning as in the Purchase Agreement, provided that the following terms shall have the following meanings for purposes of this Agreement.

- (a) "**Business**" means the business carried on by the Corporation displaying, selling or offering for sale cannabis or cannabis related products.
- (b) "**Parties**" means the Vendor, Kiaro and KBI, and "**Party**" means any one of them, or a particular one of them, as the context requires.
- (c) "**Term**" means the period of time commencing on the date of this Agreement and ending on the Termination Date, provided that if the Vendor violates any of the restrictive covenants in Article 2 at any time during the Term and KBI or the Corporation brings a legal action for injunctive or other relief with respect to any such violation and obtains such relief, the Term with respect to the applicable restrictive covenant that was violated shall be extended by the amount of time between the date on which such restrictive covenant was initially violated and the date on which such relief was granted.

(d) "Termination Date" means the date that is three (3) years after the date hereof.

(e) "**Territory**" means Canada.

1.2 This Agreement shall be construed, interpreted and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the Province of British Columbia and the laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). Each of the Parties hereby irrevocably attorns and submits to the exclusive jurisdiction of the courts of British Columbia.

1.3 In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and end at 5:00 p.m. (Vancouver time) on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. (Vancouver time) on the next succeeding Business Day. If any act (including the giving of notice) is otherwise required by the terms hereof to be performed on a day which is not a Business Day, such act shall be valid if performed on the next succeeding Business Day.

1.4 Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability (but, for greater certainty, shall be given effect in reduced form to the extent that it is enforceable) without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. For example, if any part of Articles 2, 3 or 4 is determined by any court of competent jurisdiction to be unenforceable by reason of it being extended for too great a period of time, too large a geographic area or too great a range of activities, it should be interpreted to extend only to the maximum period of time, geographic area, or range of activities as to which such court would find it enforceable.

1.5 In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

1.6 The division of this Agreement into Articles, Sections, Subsections and other subdivisions, and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The headings in this Agreement are not intended to be full or precise descriptions of the text to which they refer.

ARTICLE 2 NON-COMPETITION/NON-SOLICITATION

2.1 The Vendor hereby agrees, subject to Section 2.2, that, during the Term, the Vendor will not, directly or indirectly, either for the benefit of the Vendor or the benefit of any other Person:

- (a) carry on or engage in or have any interest (financial or otherwise) in any business which is the same as or substantially similar to or competes with the Business within the Territory;
- (b) solicit any past or present customers of the Business for the purpose of selling to those customers any products or services that are the same as, substantially similar to, or in any way competitive with the products or services of the Business in the Territory, or otherwise encourage any customers of the Business to cease doing business with the Corporation;
- (c) promote or assist, financially or otherwise, any Person engaged in (or who is known to the Vendor to be planning or potentially planning to engage in) any business which is the same as or substantially similar to or competes, directly or indirectly, with (or, to the Vendor's knowledge, will be the same as or substantially similar to or compete, directly or indirectly, with, once operations commence) the Business within the Territory; or
- (d) hire any employees of the Corporation (including Persons who ceased to be employees of the Corporation or any of its Subsidiaries (as applicable) in the previous six months, as at the applicable time) or solicit any employees or independent contractors to resign from their employment with the Corporation or terminate their engagement with the Corporation, provided that neither (i) solicitations of employment for or on behalf of any business directed at the public in general in publications or other communications available to the public in general (such as general newspaper or online advertisement for available positions), or (ii) the hiring of of any employee whose employment has been terminated by the Corporation will be a violation of this subsection by the Vendor.

2.2 The Vendor agrees that the Vendor will be in violation of the foregoing if the Vendor engages in any or all of such activities directly on the Vendor's own account or indirectly, including, without limitation, as a direct or indirect shareholder, partner, member, joint venturer, lender, agent, salesperson, consultant, advisor or manager of any Person.

2.3 Notwithstanding the above, nothing in this Agreement shall prohibit, restrict or be interpreted or otherwise construed as prohibiting or restricting the Vendor from (i) holding, making or acquiring any securities of, or engaging in the activities referenced in Section 2.2 with respect to, Kiaro or its subsidiaries (or any successors thereto), or (ii) holding, making or acquiring a passive equity investment in any Person who, directly or indirectly, carries on a business that is in whole or in part the same as, or substantially similar to or competitive with the Business and whose equity securities are listed on a recognized stock exchange, where the equity investment does not in the aggregate exceed five percent (5%) of the issued equity securities of that Person.

ARTICLE 3

TRADE SECRETS AND CONFIDENTIAL INFORMATION

- 3.1 During the Term, the Vendor will keep in strict confidence, and will not, directly or indirectly, disclose, furnish, disseminate, make available or use, , any trade secrets, know-how, confidential or proprietary information or data of or relating to the Corporation or any of its customers or vendors (collectively, the “**Confidential Information**”), without limitation as to when or how the Vendor acquired the Confidential Information, other than to an Affiliate or Representative of the Vendor provided that such Affiliate or Representative (as applicable) agrees to be bound by the confidentiality provisions set forth herein. The Confidential Information shall include, but not be limited to, the Corporation’s selling and servicing methods, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists and other customer and prospective customer information. The Vendor specifically acknowledges that all the Confidential Information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of the Vendor, derives independent economic value from not being readily known to or ascertainable by proper means of others who can obtain economic value from its disclosure or use.
- 3.2 Notwithstanding the foregoing, the term “Confidential Information” as used herein shall not include information that, at the time of disclosure, is or becomes generally available to and known by the public (other than as a result of its disclosure directly or indirectly by the Vendor in violation of this Agreement).
- 3.3 If the Vendor is required to disclose any Confidential Information by Applicable Law or pursuant to any Order of a Governmental Authority, the Vendor shall use commercially reasonable efforts to provide to KBI and Kiaro:
- (a) to the extent legally permitted, prompt written notice of such requirement so that KBI and Kiaro may seek, at their sole cost and expense, an appropriate protective order or other remedy; and
 - (b) reasonable assistance, at the KBI and Kiaro’s sole cost and expense, in opposing such disclosure or seeking a protective order or other remedy or limitations on disclosing.

If, after providing such notice and assistance as required herein, such protective order or other remedy is not obtained, the Vendor shall furnish only that portion of the Confidential Information which, on the advice of its outside counsel, is legally required to be disclosed and shall use its commercially reasonable efforts to preserve the privileged nature or confidentiality of such Confidential Information.

ARTICLE 4

NON-DISPARAGEMENT

- 4.1 During the Term, except as required by Applicable Law or any Governmental Authority, or as may be necessary in the context of any Legal Proceeding involving or relating to this Agreement, the Purchase Agreement and the other agreements and transactions contemplated thereby, the Vendor will not, directly or indirectly, (i) make disparaging or derogatory statements about the Corporation, KBI or Kiaro or any of their respective Affiliates (including, but not limited to, any of their respective business affairs, practices, policies, standards or reputations) in any form (including, but not limited to, orally, in writing, on social media or on the internet), or (ii) knowingly make any false statements about the Corporation, KBI or Kiaro or any of their respective Affiliates that would reasonably be expected to damage their respective reputations.

ARTICLE 5 REASONABLE RESTRICTIONS

- 5.1 The Vendor acknowledges and agrees that the restrictive covenants set out in Articles 2, 3 and 4 are reasonable and valid in the context of the nature of the Business and the competitive injuries likely to be sustained by the Corporation, KBI and Kiaro if the Vendor were to violate any such obligations. The Vendor further acknowledges that: (a) after Closing, the Corporation intends to conduct the Business within the Territory; (b) a substantial portion of the value of the Corporation is derived from the goodwill that they have built up in the Territory and the ability of the Corporation to expand the Business within the Territory; and (c) Kiaro would not be purchasing the Purchased Shares but for such goodwill and ability to expand.

ARTICLE 6 RECOURSE

- 6.1 The Vendor acknowledges that the Corporation, KBI and Kiaro shall suffer irreparable loss and damage which cannot be adequately determined or compensated by monetary compensation alone as a result of any breach of any provision of this Agreement by the Vendor and, accordingly, acknowledges and agrees that any breach or threatened breach of any provision of this Agreement shall be the proper subject of an application for injunctive relief to restrain such breach or threatened or anticipated breach without proof of any actual damages that have resulted or may result to the Corporation, KBI or Kiaro by such breach or threatened breach and without the necessity of posting a bond. The remedies under this Article 6 are in addition to any other remedy at law or in equity that may be available to the Corporation, KBI or Kiaro, including, but not limited to, general, specific and/or punitive damages.

ARTICLE 7 GENERAL

- 7.1 Any notice, direction or other communication (in this Section 7.1, a “**notice**”) regarding the matters contemplated by this Agreement must be in writing and delivered personally or sent by courier, as

follows:

(a) in the case of the Vendor, to:

Aegis Brands Inc.
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2R2

Attention: Steven Pelton, Chief Executive Officer
Email: spelton@secondcup.com

with a copy (not constituting notice), to:

Goodmans LLP
Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: John Connon
Email: jconnon@goodmans.ca

(b) in the case of KBI or Kiara, to:

Kiara Brands Inc.
c/o Kiara Holdings Corporation
#300 – 110 E Cordova St
Vancouver, British Columbia
Canada, V6A 1K9

Attention: Eleanor Lynch, Chief Operating Officer

with a copy (not constituting notice) to:

MLT Aikins LLP
Suite 2600, 1066 West Hastings Street
Vancouver, BC V6E 3X1

Attention: Jonathan O'Connor
Email: joconnor@mltaikins.com

A notice is deemed to be delivered and received (i) if delivered personally, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; (ii) if sent by same day courier, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; or (iii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by notice given in accordance with the foregoing provisions.

7.2 Time shall be of the essence of this Agreement.

7.3 By signing this Agreement, each of the Parties acknowledges that: (a) such Party has either obtained independent legal advice with respect to the terms of this Agreement or that such Party has, despite

having been given the opportunity to do so and being encouraged to do so, declined to seek independent legal advice with respect to the terms of this Agreement; and (b) such Party understands the terms of, and such Party's rights and obligations under, this Agreement.

- 7.4 This Agreement may not be assigned by any Party without the prior written consent of the other Party. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors, heirs and permitted assigns.
- 7.5 This Agreement may be executed in counterparts (including by way of electronic transmission), each of which shall be deemed to constitute an original, and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

AEGIS BRANDS INC.

Per: _____
Name: Steven Pelton
Title: Chief Executive Officer

KIARO BRANDS INC.

Per: _____
Name:
Title:

KIARO HOLDINGS CORPORATION

Per: _____
Name:
Title:

EXHIBIT D
WORKING CAPITAL

“**Working Capital**” means, in respect of the Corporation and this Agreement, the difference between current assets, composed of cash and cash equivalents, trade and other receivables, if any, inventory and prepaid expenses and current liabilities, composed of trade and other payables, accrued liabilities, calculated in accordance with IFRS historically applied in the Corporation’s Financial Statements and on a basis consistent with the methodology set forth below.

For the purpose of calculating working capital, the right-of-use assets and lease liabilities are excluded from the current assets and current liabilities.

For illustration purposes, the calculation of working capital of the Corporation for the purpose of this Agreement is as follows:

Current Assets:

Cash and Cash Equivalents
Accounts Receivable
Inventory (net of obsolescence provision)
Prepays and Deposits

less

Current Liabilities:

Accounts Payable
Accrued Liabilities
Unearned Revenue

equal

Working Capital – the target of this measurement is defined below.

“Target Working Capital” means an amount equal to the value of the Corporation’s cost of goods sold for the seven-day period immediately following Closing Date, which shall be determined on the eighth day following the Closing Date, or, if such day is not a Business Day, the next succeeding Business Day (with any dispute regarding the calculation of Target Working Capital to be resolved in accordance with the dispute resolution provisions set out in Section 2.6, mutatis mutandis).

With respect to Working Capital in general, the Corporation and Kiaro also agree to the following provisions:

- Cash and cash equivalents balance of at least \$50,000 to be included in the calculation of Working Capital to assist in the smooth transition to Kiara.
- In the period leading to Closing Date, the Corporation will continue carry inventory and to make inventory purchases as it would in the normal course of business.
- Inventory valuation to follow impairment measurements: valued at cost, except on cannabis product with a pack date 6-12 months to be discounted 20% of cost, and older than 12 months at 100%.
- Accounts Payable to be no older than forty-five (45) days from invoice date.

EXHIBIT E
FORM OF RESIGNATION AND RELEASE

(See attached)

RESIGNATION

TO: 2734524 ONTARIO INC.
(the “**Corporation**”)

AND TO: THE BOARD OF DIRECTORS OF THE CORPORATION

I HEREBY TENDER my resignation as a director and officer of the Corporation, such resignation to take effect on the date hereof.

DATED as of the ___ day of _____, 2021.

Steven Pelton

MUTUAL RELEASE

WHEREAS:

- A. Kiaro Brands Inc. ("**KBI**"), Kiaro Holdings Corporation ("**Kiaro**"), Aegis Brands Inc. (the "**Vendor**") and 2734524 Ontario Inc. (the "**Corporation**") entered into a share purchase agreement (the "**Share Purchase Agreement**") dated July 12, 2021 providing for the sale by the Vendor of all of the issued and outstanding shares in the capital stock of the Corporation; and
- B. the Share Purchase Agreement provides that it is a condition of Closing for the benefit of KBI and Kiaro that this duly executed release (this "**Release**"), effective as of the Closing Time, be delivered to KBI and Kiaro at or before the Closing Time.
- C. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Share Purchase Agreement.

NOW THEREFORE:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

- (a) The Vendor does hereby irrevocably and unconditionally releases and forever discharges the Corporation, Kiaro, KBI, each of their Affiliates, and each of their respective past, present and future directors, officers, employees, agents and shareholders (collectively, the "**Kiaro Releasees**") from any and all Claims arising from any fact, matter, event or circumstance existing or occurring on or before Closing, whether or not known or anticipated, which the Vendor now has, ever had, or may have in the future against the Kiaro Releasees solely by reason of, arising out of, in connection with, or relating to, the Vendor being a shareholder and/or lender of the Corporation, excluding any Claims that the Vendor may have against any such Person under the Share Purchase Agreement or any other document or agreement delivered in connection with Closing or as a result of the consummation of the transactions contemplated thereby (all such released and discharged Claims referred to in this paragraph being the "**Vendor Released Claims**").
- (b) Kiaro, KBI and the Corporation do hereby irrevocably and unconditionally release and forever discharge the Vendor, each of its Affiliates, and each of their respective past, present and future directors, officers, employees, agents and shareholders (the "**Vendor Releasees**", and together with the Kiaro Releasees, the "**Releasees**") from any and all Claims arising from any fact, matter, event or circumstance existing or occurring on or before Closing, whether or not known or anticipated, which Kiaro, KBI or the Corporation now has, ever had, or may have in the future against the Vendor Releasees solely by reason of, arising out of, in connection with, or relating to, the Vendor being a shareholder and/or lender of the Corporation, excluding any Claims that Kiaro, KBI or the Corporation may have against any such Person under the Share Purchase Agreement or any other document or agreement delivered in connection with Closing or as a result of the consummation of the transactions contemplated thereby (all such released and discharged Claims referred to in this paragraph being the "**Kiaro Released Claims**").
- (c) The Vendor hereby represents, warrants and covenants to each of the Kiaro Releasees that the Vendor has not assigned and will not assign to any other Person any Vendor Released Claims or this Release. The Vendor agrees to indemnify the Kiaro Releasees from and against any Claim(s) arising out of any such actual or purported assignment.
- (d) Each of Kiaro, KBI and the Corporation hereby represents, warrants and covenants to each of the Kiaro Releasees that none of Kiaro, KBI or the Corporation has not assigned and will not assign to any other Person any Vendor Released Claims or this Release. Each of Kiaro, KBI and the Corporation agrees to jointly and severally indemnify the Vendor Releasees from and against any Claim(s) arising out of any such actual or purported assignment.

- (e) The Vendor agrees and undertakes not to make, encourage, instigate or continue any Claim by the Vendor or any other Person against any of the Kiaro Releasees with respect to any of the Vendor Released Claims, or to take or continue any proceeding against any Person who, pursuant to the provisions of Applicable Laws or otherwise, would have a claim of contribution or indemnity from any of the Kiaro Releasees in connection therewith.
- (f) Each of Kiaro, KBI and the Corporation agrees and undertakes not to make, encourage, instigate or continue any Claim by any of them or any other Person against any of the Vendor Releasees with respect to any of the Kiaro's Released Claims, or to take or continue any proceeding against any Person who pursuant to the provisions of Applicable Laws or otherwise, would have a claim of contribution or indemnity from any of the Vendor Releasees in connection therewith.
- (g) Each of the undersigned confirms and declares that this Release has been read in its entirety and that it fully understands the terms of this Release. Each of the undersigned further acknowledges that it has obtained independent legal advice with respect to the matters addressed in this Release.
- (h) This Release shall enure to the benefit of each of the Releasees and their respective heirs, successors, legal representatives and assigns. This Release is not assignable by any of the undersigned and is binding upon the undersigned and the undersigned's heirs, successors and legal representatives.
- (i) The invalidity or unenforceability of any provision of this Release shall not affect the validity or enforceability of any other provision of this Release, which shall remain in full force and effect.
- (j) This Release is governed by and will be interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

[Signature page follows.]

IN WITNESS WHEREOF, this Release has been duly executed and delivered as of the ____ day of _____, 2021.

AEGIS BRANDS INC.

Per: _____
Name: Steven Pelton
Title: Chief Executive Officer

2734524 ONTARIO INC.

Per: _____
Name: Steven Pelton
Title: President

KIARO BRANDS INC.

Per: _____
Name:
Title:

KIARO HOLDINGS CORPORATION

Per: _____
Name:
Title:

EXHIBIT F
FORM OF EMPLOYMENT AGREEMENT

(See attached)

EMPLOYMENT AGREEMENT

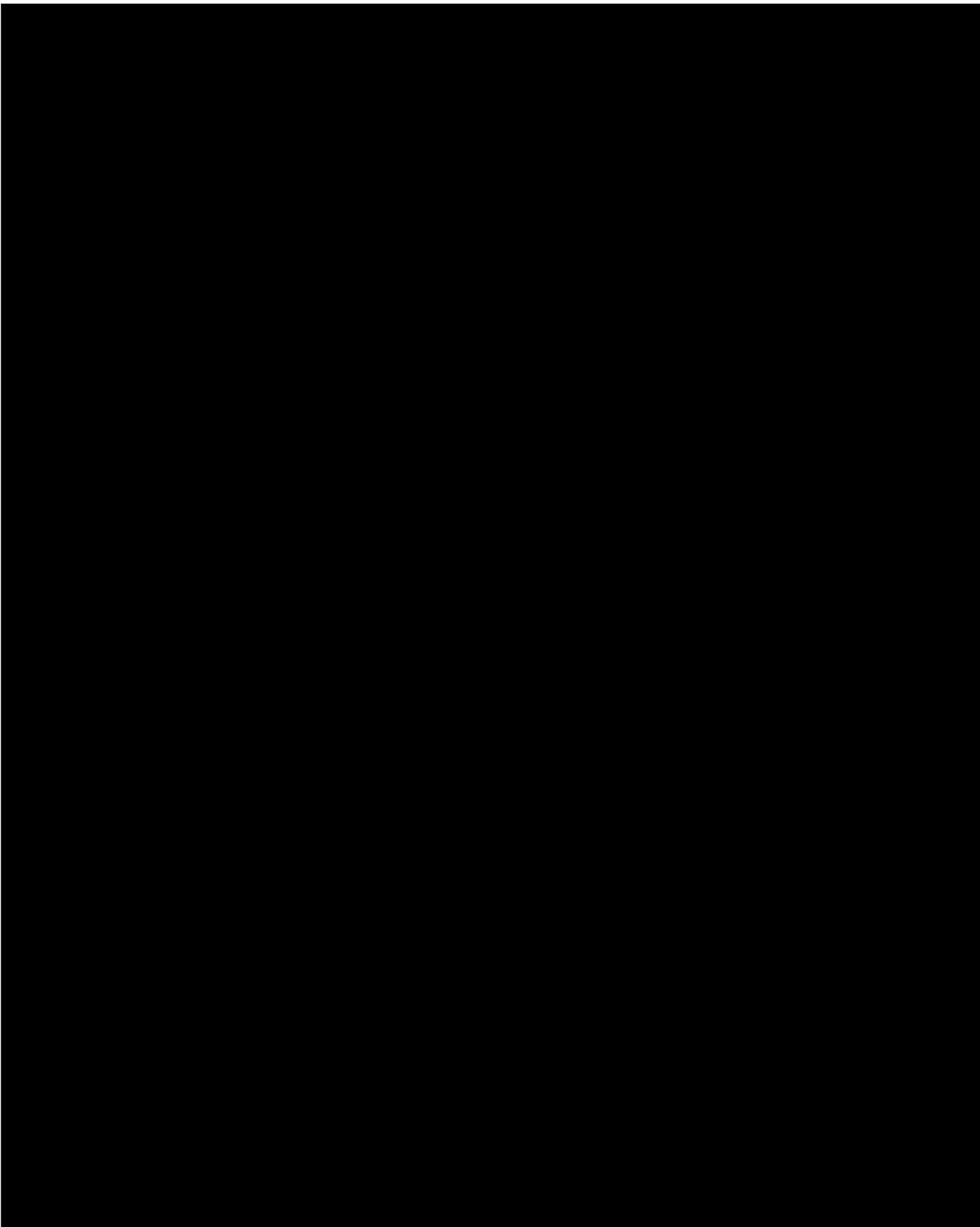
BETWEEN:

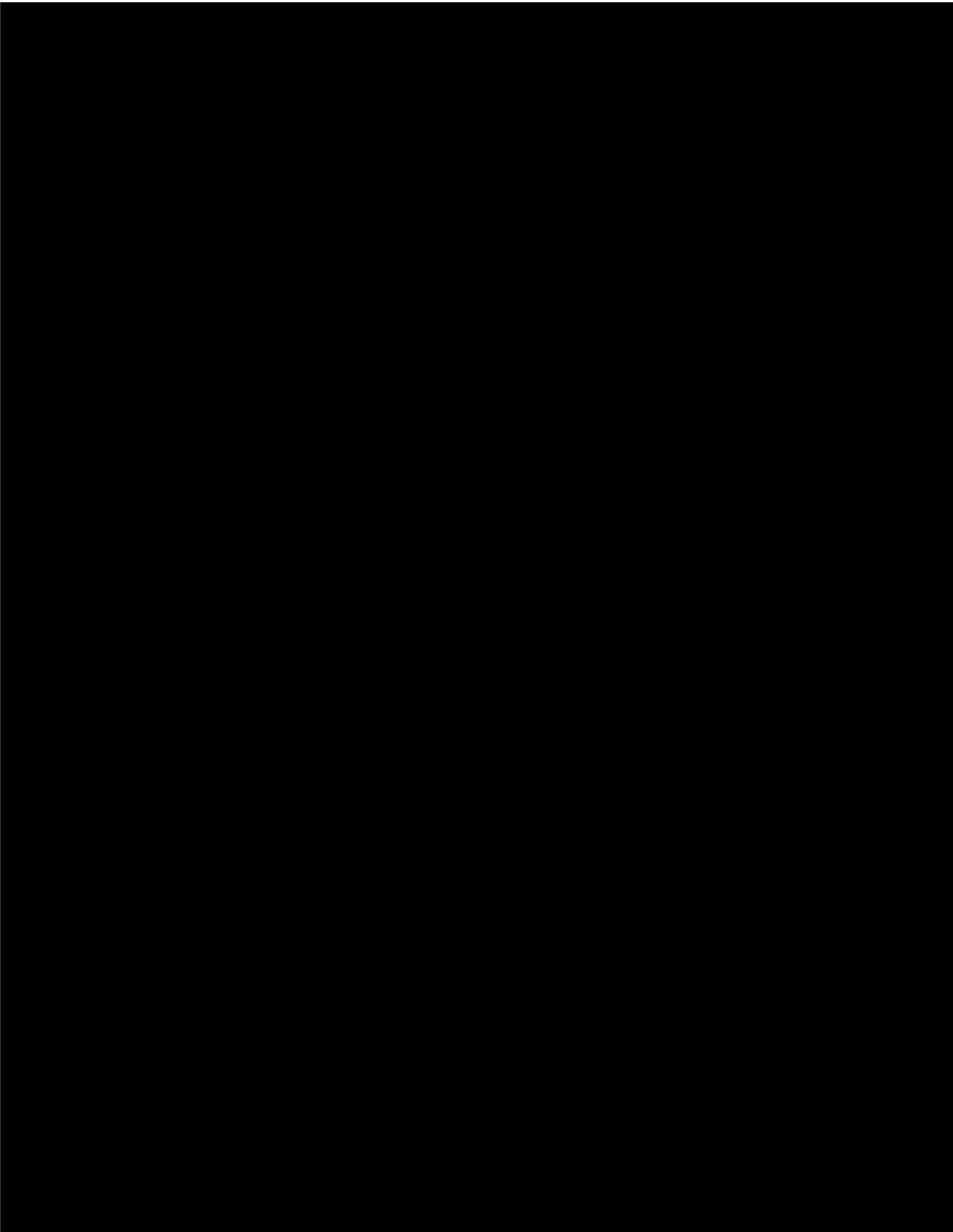
Kiaro Brands Inc. (the "Employer")

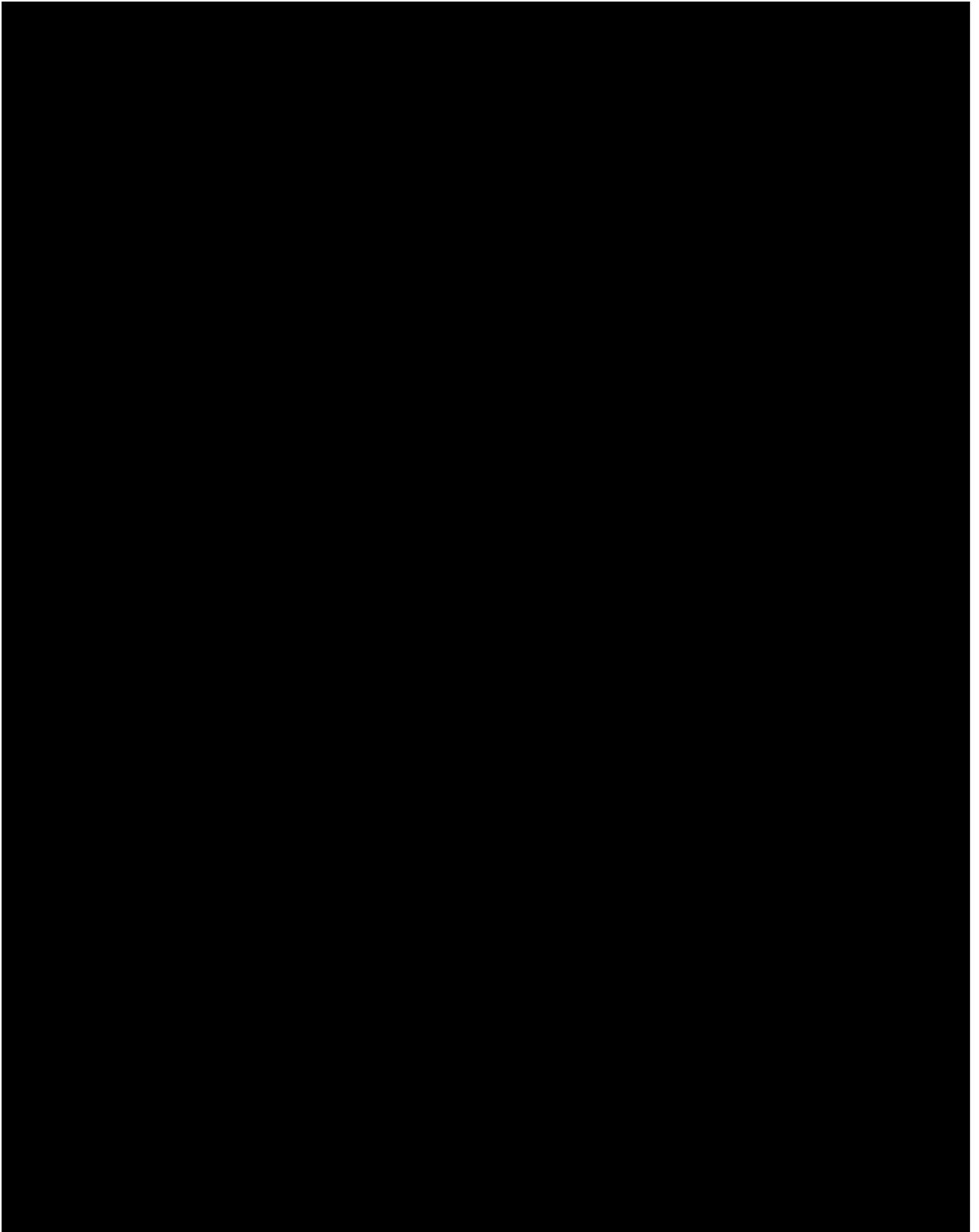
AND:

Jenn Juby (the "Employee")









Yours truly,

Kiaro Brands Inc.

Per:

Eleanor Lynch
Chief Operating Officer

I acknowledge that I have read, understand and accept the terms and conditions of this Employment Agreement as stated above.

Jenn Juby

Date

