

**Hiku Brands Company Ltd.**  
**(Formerly DOJA Cannabis Company Limited)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Nine months ended December 31, 2017 and twelve months ended March 31, 2017**  
**(In Canadian Dollars)**

### **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of DOJA Cannabis Company Limited (the "Company") have been approved by the Board of Directors and have been prepared in accordance with International Financial Reporting Standards, which recognize the necessity of relying on some best estimates and informed judgements. The financial information contained in the management's discussion and analysis is consistent with the consolidated financial statements. The Company undertakes steps to ensure the information presented is accurate and conforms to applicable laws and standards, including:

- Management maintains accounting systems and related internal controls and supporting procedures to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and complete and accurate financial records are maintained to provide reliable information for the preparation of the consolidated financial statements in a timely manner.
- The Board of Directors oversees the management of the business and the affairs for the Company including ensuring management fulfills its responsibility for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.
- The Audit Committee of the Board of Directors, comprised of three members and chaired by an independent director, has reviewed the consolidated financial statements with management and the external auditors.

MNP LLP Chartered Accountants, the Company's external auditors, who are appointed by the Company's shareholders, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on the following page.

"Signed"

Jeff Barber  
CFO

"Signed"

Alan Gertner  
CEO & Director

April 30, 2017

## Independent Auditors' Report

To the Shareholders of Hiku Brands Company Ltd. (formerly, DOJA Cannabis Company Ltd.):

We have audited the accompanying consolidated financial statements of Hiku Brands Company Ltd. (formerly, DOJA Cannabis Company Ltd.), which comprise the consolidated statements of financial position as at December 31, 2017 and March 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the nine-month period ending December 31, 2017 and for the year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hiku Brands Company Ltd. (formerly, DOJA Cannabis Company Ltd.) as at December 31, 2017 and March 31, 2017 and its financial performance and its cash flows for the nine-month period ended December 31, 2017 and for the year ended March 31, 2017 in accordance with International Financial Reporting Standards.



Toronto, Ontario

Chartered Professional Accountants

April 30, 2018

Licensed Public Accountants

# Hiku Brands Company Ltd. (Formerly DOJA Cannabis Company Limited.)

## Statements of Financial Position

(Expressed in Canadian Dollars)

	As at December 31, 2017	As at March 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 16,908,526	\$ 1,897,664
Subscription receivable	-	347,500
Other receivables	160,346	89,472
Prepays	31,838	-
Inventory (note 5)	244,141	-
Biological assets (note 5)	118,500	-
	<b>17,463,351</b>	<b>2,334,636</b>
Property and equipment (note 6)	5,430,720	2,448,212
	<b>\$ 22,894,071</b>	<b>\$ 4,782,848</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 568,968	\$ 203,962
Current portion of mortgage payable (note 7)	13,982	13,387
	<b>582,950</b>	<b>217,349</b>
Mortgage payable (note 7)	572,024	582,114
Convertible debentures (note 8)	11,193,849	-
Deferred tax liability (note 11)	484,990	-
	<b>12,833,813</b>	<b>799,463</b>
<b>Shareholders' equity</b>		
Share capital (note 9)	11,538,504	4,451,420
Contributed surplus (note 9)	4,520,084	645,228
Warrant reserve (note 9)	1,470,269	115,151
Deficit	(7,468,599)	(1,228,414)
	<b>10,060,258</b>	<b>3,983,385</b>
	<b>\$ 22,894,071</b>	<b>\$ 4,782,848</b>

The accompanying notes are an integral part of these consolidated financial statements.

Nature of operations (note 1)

Commitments (note 14)

On behalf of the Board

“Signed”

Trent Kitsch  
President & Director

“Signed”

Alan Gertner  
CEO & Director

# Hiku Brands Company Ltd. (Formerly DOJA Cannabis Company Limited)

## Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Nine Months ended Dec 31, 2017	Twelve Months ended March 31, 2017
Revenue:		
Production Sales	\$ -	\$ -
Production cost of sales	(509,501)	-
Production amortization and depreciation (note 6)	(21,854)	-
Gross profit (loss) before fair value adjustments	(531,355)	-
Unrealized gain on change of fair value of biological assets (note 5)	264,301	-
Gross loss	(267,054)	-
Expenses:		
General and administrative	887,254	425,902
Sales and marketing	925,059	-
Professional Fees	274,532	80,208
Loss on change in fair value of derivative liability	-	492
Stock-based compensation (note 9)	740,880	459,228
Amortization and depreciation (note 6)	66,389	-
	2,894,114	965,830
Loss from operations before income taxes	(3,161,168)	(965,830)
Listing costs (note 4)	(3,925,311)	-
Other income	(1,477)	(1,542)
Loss before income taxes	(7,087,956)	(967,372)
Income tax recovery (note 11)	847,771	-
<b>Net loss and comprehensive loss</b>	<b>\$ (6,240,185)</b>	<b>\$ (967,372)</b>
<b>Net loss per share</b>		
Basic and diluted	\$ (0.11)	\$ (0.07)
Weighted average shares outstanding	55,036,867	14,113,290

The accompanying notes are an integral part of these consolidated financial statements.

## Hiku Brands Company Ltd. (Formerly DOJA Cannabis Company Limited)

### Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars) (Audited)

	Share Capital	Contributed Surplus	Warrant Reserve	Deficit	Total Equity
Balance, March 31, 2017	\$ 4,451,420	\$ 645,228	\$ 115,151	\$ (1,228,414)	\$ 3,983,385
Shares issued for cash, net of issuance costs (note 9)	3,046,125	-	-	-	3,046,125
Shares issued for services (note 9)	718,679	-	-	-	718,679
Stock based compensation (note 9)	-	740,880	-	-	740,880
Reverse takeover transaction (note 4)	2,535,243	29,032	1,135,374	-	3,699,649
Issuance of convertible debt (net of deferred tax) (note 8)	-	3,104,944	498,446	-	3,603,390
Exercise of warrants (note 9)	787,037	-	(278,702)	-	508,335
Net loss for the period	-	-	-	(6,240,185)	(6,240,185)
<b>Balance, December 31, 2017</b>	<b>\$ 11,538,504</b>	<b>\$ 4,520,084</b>	<b>\$ 1,470,269</b>	<b>\$ (7,468,599)</b>	<b>\$ 10,060,258</b>
Balance, March 31, 2016	\$ 12	\$ -	\$ -	\$ (261,042)	\$ (261,030)
Cancellation of shares	(12)	-	-	-	(12)
Subscription receivable	3,943,623	-	115,151	-	4,058,774
Shares issued for services	347,500	-	-	-	347,500
Conversion of promissory notes	62,797	-	-	-	62,797
Exercise of preferential participation rights	97,500	186,000	-	-	283,500
Stock-based compensation	-	459,228	-	-	459,228
Net loss for the period	-	-	-	(967,372)	(967,372)
<b>Balance, March 31, 2017</b>	<b>\$ 4,451,420</b>	<b>\$ 645,228</b>	<b>\$ 115,151</b>	<b>\$ (1,228,414)</b>	<b>\$ 3,983,385</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Hiku Brands Company Ltd. (Formerly DOJA Cannabis Company Limited)

## Statements of Cash Flows

(Expressed in Canadian Dollars)

	Nine Months ended Dec 31, 2017	Twelve Months ended March 31, 2017
<b>Cash flow from operating activities</b>		
Net loss	\$ (6,240,185)	\$ (967,372)
Add (deduct) items not involving cash		
Accretion and accrued interest	-	8,987
Loss of change in fair value of derivative liability	-	492
Stock-based compensation (note 9)	740,880	459,228
Amortization and depreciation (note 6)	88,243	-
Shares issued for services (note 9)	718,679	62,797
Change in fair value of biological assets (note 5)	(264,301)	-
Non-cash listing costs (note 4)	3,699,648	-
Deferred income tax expense (recovery) (note 11)	(847,771)	-
Change in non-cash working capital		
Other receivables	(70,874)	(76,116)
Prepaid expenses	(31,838)	1,330
Inventory and biological assets (note 5)	(98,340)	-
Accounts payable and accrued liabilities	365,006	190,330
	(1,940,853)	(320,324)
<b>Cash flow from financing activities</b>		
Private placement of shares, net of issuance costs (note 9)	3,393,626	4,058,774
Issuance of convertible debentures, net of issuance costs (note 8)	16,130,000	-
Advances/repayment to related parties	-	(16,303)
Proceeds from mortgages payable, net of repayments (note 7)	-	595,501
Exercise of Warrants (note 9)	508,335	-
Repayment of mortgage payable (note 8)	(30,042)	-
Interest paid in cash	20,547	-
	20,022,466	4,637,972
<b>Cash flow from investing activities</b>		
Investment in property and equipment (note 6)	(3,070,751)	(2,448,212)
	(3,070,751)	(2,448,212)
<b>Increase in cash</b>	<b>15,010,862</b>	<b>1,869,436</b>
<b>Cash, beginning of period</b>	<b>1,897,664</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 16,908,526</b>	<b>\$ 1,869,436</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

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## Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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### 1. Nature of operations

Hiku Brands Company Ltd. (“Hiku” or the “Company”) (formerly DOJA Cannabis Company Limited (“DOJA”) and Northern Lights Marijuana Company Limited (“NLMCL”)) was incorporated under the BC Business Corporations Act. The Company’s principal business activity is the cultivation of medical cannabis under the license issued by Health Canada to the Company’s wholly owned subsidiary DOJA Cannabis Ltd (“DOJA Cannabis”). Subsequent to December 31, 2017 The Company received an amendment to its ACMPR to permit sales of medicinal cannabis. The Company has not yet earned any revenues from sales of cannabis.

On August 3, 2017 SG Spirit Gold Inc. completed a reverse takeover transaction, pursuant to which, DOJA Cannabis amalgamated with a wholly owned subsidiary of the company (note 4). As DOJA has been identified as the accounting acquirer, these financial statements are considered a continuation of DOJA and any comparative information provided prior to the reverse takeover are those of DOJA. The company’s common shares resumed trading on the Canadian Securities Exchange (the “CSE”) under the symbol “DOJA” on August 4, 2017

On January 30, 2018 subsequent to the acquisition of TS Brandco Holdings Inc (note 15), the Company renamed Hiku Brands Company Ltd and resumed trading on the CSE as “HIKU”.

All prior year number of shares, options and warrants are posted consolidated and adjusted by 1.8 times for the reverse takeover transaction in Note 4.

### 2. Basis of presentation

#### (a) Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

These audited consolidated financial statements were authorized for issue by the Company’s Board of Directors (the “Board”) on April 30, 2018.

#### (b) Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and biological assets measured at fair value less cost to sell, as detailed in the Company’s accounting policies. These consolidated financial statements have been prepared using the accrual basis of accounting.

#### (c) Basis of Consolidation

These consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, DOJA Cannabis Ltd. And DOJA Café Ltd. All significant intercompany transactions were eliminated on consolidation.

#### (d) Functional and presentation currency

The Company and its subsidiaries’ functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

#### (e) Change in year end

Pursuant to the amalgamation (note 4) the Company was deemed to have changed its year end from Dec 31 to March 31, being the fiscal year end of the wholly owned subsidiary DOJA Cannabis. The directors of the Company



## Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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have determined that it is in the best interests of the Company to revert to a December 31st year end. The Company's transition year will consist of a 9-month period ended December 31, 2017.

### **3. Significant accounting policies**

#### **(a) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

#### **(b) Inventory**

Inventories of harvested finished goods and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value.

#### **(c) Biological assets**

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

#### **(d) Property, Plant and Equipment**

Plant, property and equipment is measured at cost less accumulated amortization and impairment losses. Amortization is provided using the following terms and method:

Buildings & Improvements	Straight Line over 15 – 30 years
Production Equipment	Straight Line over 3 – 30 years
Furniture & Fixtures	Straight Line over 1 – 5 years
Land	Not Amortized
Assets Under Development	Not Amortized

An asset's residual value, useful life and amortization method are reviewed at each financial year end and adjusted if appropriate. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized in profit or loss.

Asset under development is transferred to the related category when the area is Licensed by Health Canada for cultivation and therefore available for use.

#### **(e) Impairment of long lived assets**

Long-lived assets, including property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

**Notes to the Consolidated Financial Statements**

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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**(f) Financial Instruments**

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent.

**Transaction Costs**

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

The Company initially recognizes financial assets at fair value on the date that they are acquired, adjusted for transaction costs, if applicable. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at fair value through profit and loss, held to maturity, available for sale or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at adjusted fair value, adjusted for applicable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period.

**Financial liabilities**

The Company initially recognizes financial liabilities at fair value on the date that they are originated, and are adjusted for transaction costs, if applicable. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

## Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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### Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

The amount of the impairment loss recognized is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

### (g) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity convertible option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss.

### (h) Loss per share, basic and dilutive

The Company presents basic and diluted loss per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise warrants and share options issued. Items with an anti-dilutive impact are excluded from the calculation.

For the periods presented, all options and warrants are anti-dilutive.

### (i) Share Based Compensation

The Company has an employee stock option plan, performance warrant plan and an RSU plan. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

For stock options granted to non-employees the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital

**Notes to the Consolidated Financial Statements**

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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**(j) Income Taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**(k) Provisions**

A provision is recognized when the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**(l) Borrowing Costs**

Borrowing costs, if any, directly attributable to the acquisition or construction of a qualifying asset are capitalized. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. The capitalized borrowing cost is calculated by applying the weighted average borrowing rate, giving consideration first to any project specific borrowings or any directly attributable general borrowings, to the accumulated average costs for the period, until the assets are substantially ready for their intended use. All other borrowing costs are recognized in finance costs in the consolidated statements of loss and comprehensive loss.

**(m) Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets or liabilities in the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

**Notes to the Consolidated Financial Statements**

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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1. Biological Assets

Management is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of completion, harvesting costs, sales prices and expected yields of cannabis plants.

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis of the cost of finished goods inventories subsequent to harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

2. Fair Value of Stock Options, Performance Warrants, Warrants and Restricted Share Units

Determining the fair value of stock options on the grant date, including performance based warrants, requires judgement related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results, liabilities or components' equity. The key estimates used by management are the stock price volatility, expected life of the options, share price, rate of forfeiture and expected timing of performance criteria.

3. Convertible Debt

The identification of convertible debentures components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

4. Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. Depreciation and Amortization

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

**Notes to the Consolidated Financial Statements**

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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**(n) New standards, amendments and interpretations not yet adopted**

These consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been released and have not been applied in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company does not expect this standard to have a significant impact on the Company's financial statements at this time.
- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company does not expect this standard to have a significant impact on the Company's financial statements at this time.
- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied. The Company does not expect this standard to have a significant impact on the Company's financial statements at this time.

# Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

## Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

### 4. Reverse Acquisition

On August 3, 2017, the Company completed a three-cornered amalgamation among the Company, DOJA Cannabis and a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, resulting in DOJA Cannabis becoming a direct, wholly-owned subsidiary of the Company. The amalgamation constituted a reverse acquisition of the Company by DOJA Cannabis, with the Company (being the legal parent) as the accounting acquiree and DOJA Cannabis (being the legal subsidiary) as the accounting acquirer. In connection with the closing of the reverse acquisition, the Company changed its name to "DOJA Cannabis Company Ltd."

In connection with the completion of the reverse acquisition, the Company completed a consolidation of the outstanding common shares of the company on a 1-for-3 basis as consideration for completion of the Transaction. The holders of the DOJA Cannabis' Class A common shares were issued 1.8 post-consolidated common shares of the Company, in exchange for every share of the Company they held. Existing dilutive securities of both the Company and DOJA Cannabis were also exchanged for dilutive securities on substantially the same terms, and applying the same exchange ratios.

This transaction has been accounted for as a reverse acquisition that does not constitute a business combination. The purchase price allocation for the assets acquired and liabilities assumed was determined as follows:

#### Consideration Transferred:

5,070,486 shares (post-consolidation) at a price \$0.50 per share	\$	2,535,243
3,400,000 warrants (post consolidation) at a value of \$0.33 per warrant		1,135,374
120,000 options (post consolidation) at a weighted average value of \$0.24 per option		29,032
	\$	<b>3,699,649</b>

#### Net Assets Acquired:

Cash	\$	26,289
Accounts Receivable		32,153
Accounts Payable		(36,023)
Net assets acquired		22,419
Excess attributed to cost of listing:		3,677,230
	\$	<b>3,699,649</b>

#### Listing Cost:

Excess attributed to cost of listing	\$	3,677,230
Legal		194,112
Consulting Fees		53,969
		<b>\$3,925,311</b>

For accounting purposes, these financial statements reflect a continuation of the financial position, operating results and cash flows of the company's legal subsidiary, DOJA Cannabis.

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

#### 5. Biological Assets and Inventories

The Company's biological assets consist of 2,888 cannabis plants as at December 31, 2017. The continuity of biological assets is as follows:

<b>Carrying amount, March 31, 2016</b>	<b>\$</b>	<b>-</b>
<b>Carrying amount, March 31, 2017</b>	<b>\$</b>	<b>-</b>
Changes in FV less costs to sell due to biological transformation		264,301
Transferred to inventory upon harvest		(145,801)
<b>Carrying amount December 31, 2017</b>	<b>\$</b>	<b>118,500</b>

All biological assets are considered current. The significant assumptions used in determining the fair value of the medicinal plants are as follows:

- i. Stage of completion;
- ii. Yield by strain (actual yields used for these financial statements)
- iii. Estimated selling prices and costs of harvest and completion
- iv. Cost to compete the cannabis post-harvest and cost to sell;

The Company expects that a 10% increase or decrease in the market price per gram of dried cannabis would increase or decrease the fair value of biological assets by \$27,000 and would increase or decrease the inventory value by \$34,000. Additionally, an increase or decrease of 10% in the costs of production would increase or decrease the fair value of biological assets by \$10,000 and would increase or decrease the value of inventory by \$12,000.

As at December 31, 2017, included in the carrying amount of inventory is 48,600 grams of dry cannabis (March 2017 – nil) valued at \$216,927 that has been quality assured and is awaiting release for sale. Inventory was comprised of the following items:

	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Harvested Cannabis	216,927	-
Supplies and Consumables	27,214	-
<b>Carrying amount December 31, 2017</b>	<b>\$ 244,141</b>	<b>\$ -</b>



# Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

## Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

### 6. Property and equipment

	Assets under development	Furniture & equipment	Building and improvements	Production equipment	Land	Total
<b>Cost</b>						
At March 31, 2016	\$ -	-	-	-	-	-
Additions	-	46,385	2,401,827	-	-	2,448,212
At March 31, 2017	\$ -	\$ 46,385	\$ 2,401,827	\$ -	\$ -	\$ 2,448,212
Additions	1,223,337	24,492	267,202	33,508	1,522,212	3,070,751
Reclassification	-	4,098	(940,913)	568,815	368,000	-
At December 31, 2017	\$ 1,223,337	\$ 74,975	\$ 1,728,116	\$ 602,323	\$ 1,890,212	\$ 5,518,963
<b>Accumulated Depreciation</b>						
At March 31, 2016	\$ -	-	-	-	-	-
Expense for the period	-	-	-	-	-	-
At March 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense for the period	-	9,891	56,498	21,854	-	88,243
At December 31, 2017	\$ -	\$ 9,891	\$ 56,498	\$ 21,854	\$ -	\$ 88,243
<b>Net book Value</b>						
At March 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
At March 31, 2017	\$ -	\$ 46,385	\$ 2,401,827	\$ -	\$ -	\$ 2,448,212
At December 31, 2017	\$ 1,223,337	\$ 65,084	\$ 1,671,618	\$ 580,469	\$ 1,890,212	\$ 5,430,720

Assets under construction include the development of cannabis production facilities in Kelowna, BC. Each phase of construction is considered under development until such a time that it has been approved by Health Canada. Once Health Canada approval is granted, the asset is amortized and considered available for use. Included in Building and improvements as at December 31, 2017 is \$20,327 (2017 - \$9,296) of capitalized interest.

Certain reclassifications of property and equipment were made from the March 31, 2017 financial statements to better reflect the attributes of these items.

### 7. Mortgage payable

The mortgage bears interest at 4.5% per annum compounded monthly and is payable in monthly instalments of \$3,338, and is due November 1, 2020. The mortgage payable is secured by a first charge over certain specified properties. Interest expense on the mortgage payable was \$20,547 for the nine months ended December 31, 2017 respectively (March 2017 - \$9,296) which has been capitalized to buildings & improvements.

As at December 31, 2017 the outstanding balance on the mortgage payable was \$586,006.

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

#### 8. Convertible Debentures

On December 28, 2017, the Company completed a brokered private placement of unsecured convertible debenture units in the aggregate amount of \$17,250,000. Each convertible debenture unit consists of a \$1,000 principal amount of unsecured convertible debentures and 403 share purchase warrants.

The debentures bear interest at 8% per annum, payable semi-annually and mature within 36 months. The principal amount of the debentures will be convertible into common shares of the Company at a price of \$1.24 per share, at the option of the holder. The fair value of the debentures was recorded at its fair value of \$11,193,849, discounted at a market interest rate of 18% and is net of debt issue costs.

The residual value of the conversion feature was estimated at \$1,143,452, net of issue costs and deferred tax using relative fair value allocation, based on the following assumptions: Share price – \$1.87, Annualized volatility – 90%; Risk-free interest rate – 1.64%; Dividend yield – 0%; and Expected life – 3 years.

Each warrant will be exercisable to acquire one common share at an exercise price of \$1.24 per share until December 27, 2020. The fair value of these warrants was estimated at \$498,446, net of issuance cost and deferred tax, based on the following assumptions: Share price – \$1.87, Annualized volatility – 90%; Risk-free interest rate – 1.64%; Dividend yield – 0%; and Expected life – 3 years.

On closing, the Company paid the underwriters (i) a commission of \$1,035,000 representing 6% of the gross proceeds of the private placement; and (ii) 834,677 compensation warrant units. Each compensation warrant units entitles the holder to acquire a compensation unit which consists of one common share of the Company, and one-half of one common share purchase warrant at an exercise price of \$1.86 per share, expiring three years from the date of issuance. The compensation warrant units were measured based on the fair value of the equity instruments granted as the fair value of services cannot be reliably measured. The estimated fair value of \$1,961,492 was based on the following assumptions: common share purchase warrant price – \$3.11; Annualized volatility – 90%; Risk-free interest rate – 1.73%; Dividend yield – 0%; and Expected life – 3 years.

In addition, the Company also paid legal fees of \$85,000.

Beginning on the date that is four months and one day following the closing date, the Company may force the conversion of the principal amount of the convertible debentures and the expiry of date of the convertible debt warrants should the daily volume weighted average trading price of the Company's common shares be greater than \$1.86 for 10 consecutive trading days.

	<b>Convertible Debenture</b>
Balance as at March 31, 2017	-
Face value of debt upon issuance	17,250,000
Less: Allocation to warrants and conversion feature	(4,936,151)
Less: Debt issue costs	(1,120,000)
<b>Balance at December 31, 2017</b>	<b>\$ 11,193,849</b>

# Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

## Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

### 9. Shareholders' equity

#### Authorized share capital

The corporation has an unlimited number of Common Shares authorized for issuance. The Common Shares entitle the holder to one vote for every share held. There are no fixed dividends payable on the Common Shares.

All prior year number of shares, options and warrants are posted consolidated and adjusted by 1.8 times for the reverse takeover transaction in Note 4.

#### Issued & Outstanding share capital

	Number of Shares	Amount
Balance, March 31, 2016	216	\$ 12
Cancellation of Shares	(216)	(12)
Class A common shares issued for Cash, net of issuance costs	50,265,617	3,943,916
Redemption and cancellation of Class A common shares	(5,279,999)	(293)
Class A common shares issued for services	356,819	62,797
Subscriptions receivable	1,390,001	347,500
Conversion of promissory notes	835,715	97,500
Balance, March 31, 2017	47,568,153	4,451,420
Issued for cash, net of issuance costs	6,114,325	3,046,125
Shares issued for services	674,666	718,679
Reverse takeover transactions	5,070,485	2,535,243
Exercise of warrants	1,873,441	787,037
<b>Balance December 31, 2017</b>	<b>61,301,070</b>	<b>\$ 11,538,504</b>

#### *Nine months ended December 31, 2017*

During the nine month period ended December 31, 2017 the Company issued 6,114,325 common shares at \$0.50 per share for gross proceeds of \$3,046,125 net of issuance costs.

In August 2017, in conjunction with the reverse acquisition, 5,070,486 common shares were retained by SG Spirit Gold shareholders. These shares were valued at \$0.50 per share for total consideration of \$2,535,243.

During the year ended December 31, 2017, 1,873,441 warrants were exercised ranging in price from \$0.25 to \$0.30 for gross proceeds of \$508,335.

During the year ended December 31, 2017, the Company issued 674,666 common shares to settle debts arising from services rendered that were valued at \$718,679.

#### *Year ended March 31, 2017*

During the year ended March 31, 2017, the Company issued 23,279,999 Class A common shares at \$0.0001 per share, for gross proceeds of \$1,293. In conjunction with the share issuance, the original 120 Class A common shares outstanding were returned to treasury and subsequently cancelled. Of these Class A common shares issued, 5,279,999 were redeemed and cancelled at a price of \$0.0001 per share in October 2016.

In November 2016, the Company issued 11,910,025 Class A common shares for gross proceeds of \$1,701,504. As part of the issuance, \$97,500 of the convertible promissory notes payable elected to be converted into shares and \$186,000 was transferred to share capital as the fair value of the derivative liability, less \$17,000 of share issuance costs.

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

In February 2017, the Company issued 10,697,589 units at \$0.10 per unit, each consisting of one Class A common share and one warrant exercisable at \$0.25 per share for gross proceeds of \$1,069,759. The warrants expire 24 months from the date of issuance and had a fair value of \$115,151.

In March 2017, the Company received gross proceeds \$1,303,429 in cash and \$347,500 in subscriptions receivable from the issuance of 6,603,719 Class A common shares.

During the year ended March 31, 2017, the Company issued 356,783 Class A common shares to settle debts arising from services rendered that were valued at \$62,797, of which \$22,797 were from a related party.

#### Warrants

Each warrant entitles the holder to purchase a Class A common share at a set price and is exercisable at the option of the holder for a set period of time.

The warrant details of the Company are as follows:

	Number of Warrants	Weighted Average exercise price
Outstanding, March 31, 2016	10,697,587	\$ 0.25
Outstanding, March 31, 2017	10,697,587	0.25
Issued	11,603,766	1.35
Exercise of warrants	(1,873,441)	0.27
<b>Oustanding December 31, 2017</b>	<b>20,427,912</b>	<b>\$ 0.84</b>

In conjunction with the closing of the reverse acquisition (note 4), the Company issued 3,400,000 warrants exercisable at \$0.30 for Class A common shares post resulting in consideration transferred to warrant holders of the company. The fair value of these warrants was \$1,135,374. As at December 31, 2017, these warrants had a remaining life of 3.1 years.

On December 28, 2017 the Company issued 6,951,750 warrants as part of the convertible debenture financing for gross proceeds of \$17,250,000. These warrants are exercisable at \$1.86 for Class A common shares of the Company with an expiry of 3 years from the date of grant, subject to accelerated expiry in some circumstances. As at December 31, 2017, these warrants had a remaining life of 3.0 years. In addition, 834,677 compensation warrant units were issued to underwriters. Each compensation warrant entitles the holder to acquire a compensation unit which consists of one common share of the Company, and one-half of one common share purchase warrant at an exercise price of \$1.86 per share, expiring three years from the date of issuance. The estimated fair value of the compensation warrant units were \$1,961,491.

During the year ended March 31, 2017, the Company issued 10,697,587 warrants as part of a private placement offering. The warrants are exercisable at \$0.45 for Class A common shares, with an expiry of 2 years from the date of issuance. The fair value of these warrants was \$115,151.

The fair value of the warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	31-Dec-17	31-Mar-17
Volatility	70% - 90%	70%
Risk -free interest rate	0.73% - 1.64%	0.73%
Expected life (years)	2.0 - 3.52	2.00
Dividend yield	n/a	n/a
Forfeiture rate	0%	0%
Share price	\$0.16 - \$1.87	\$0.16

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

#### Performance Warrants & Stock Options

The Company has stock based compensation arrangements consisting of Performance Warrants, Stock Options and RSUs to encourage ownership of the Company's common shares by its officers, directors, employees and certain non-employees. The maximum number of stock options and performance warrants granted, vesting period and contractual life of the options under these arrangements shall be determined from time to time by the Board. The exercise price on each option shall be determined by the Board based on the fair market value of the shares on the date of grant as estimated in accordance with a valuation model approved by the Board.

During the year ended March 31, 2017 and additionally in the nine months ended December 31, 2017, the Company issued share based awards to management and certain employees. Performance warrants are exercisable at prices ranging from \$0.00006 to \$0.17 for Class A common shares, with an expiry of three to five years from the date of issuance. Vesting conditions are based on the Company achieving certain milestones, such as obtaining certain licenses from Health Canada and cumulative sales volume.

During the nine months ended December 31, 2017 the company issued 963,333 stock options, exercisable for common shares at a weighted average price of \$0.97 per share fully vested upon the grant. The options expire 5 years from the date of the grant.

During the nine months ended December 31, 2017 the company issued 486,000 performance warrants, exercisable for common shares at a weighted average price of \$0.38 per share fully vested upon the grant. The performance warrants expire 5 years from the date of the grant.

Additionally, in October 2017 the company issued 20,000 RSUs, exercisable for common shares vesting 1 year from the grant.

The Company recognized \$740,880 for the nine months ended December 31, 2017 (March 2017 - \$458,362) in stock-based compensation with respect to share based awards.

The Following table summarizes the stock option and performance warrant activity:

	<b>Number of Performance Warrants and Options</b>	<b>Weighted Average exercise price</b>
Outstanding, March 31, 2016	-	\$ -
Granted	7,616,399	0.03
Outstanding, March 31, 2017	7,616,399	0.03
Granted pursuant to reverse acquisition	120,001	0.65
Granted	1,416,000	0.76
Cancelled	(550,000)	0.25
<b>Outstanding December 31, 2017</b>	<b>8,602,400</b>	<b>\$ 0.15</b>

The fair value of each group of performance warrants and stock options on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	<b>31-Dec-17</b>	<b>31-Mar-17</b>
Volatility	<b>70% - 90%</b>	70%
Risk-free interest rate	<b>0.58% - 1.77%</b>	0.56% - 0.76%
Expected life (years)	<b>1.0 - 5.0</b>	3.0
Dividend yield	<b>Nil</b>	n/a
Forfeiture rate	<b>10%</b>	0%
Share price	<b>\$0.30 - \$1.12</b>	\$0.0001 - \$0.3

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

The following table presents information related to performance warrants and stock options as at December 31, 2017:

Weighted Average Exercise Price	Options and Performance Warrants Outstanding	Weighted average remaining life (years)	Vested
\$ 0.00006	5,366,400	1.75	2,639,997
0.10	1,800,000	2.00	900,000
0.25	243,000	4.33	81,000
0.42	266,667	4.21	266,667
0.50	243,000	4.42	81,000
0.75	100,000	4.76	-
0.95	300,000	4.89	-
1.26	33,333	0.58	33,333
1.45	250,000	4.97	250,000
<b>Balance at December 31, 2017</b>	<b>8,602,400</b>	<b>2.34</b>	<b>4,251,997</b>

### RSUs

The Company's long term incentive plan allows for the reservation of a number of common shares under the Stock Option and RSU plan not to exceed 10% of the Company's issued and outstanding common shares on a undiluted basis less the number of common shares reserved under the Company's stock option plan. The Company may grant restricted stock units ("RSUs") to directors, officers, employees, and consultants.

During the nine months ended December 31, 2017, the Company granted 20,000 (March 2017 – nil) RSUs. The RSUs vest over a period of one year. The weighted average fair value of the RSUs granted in the year ended December 31, 2017 was \$0.51 per RSU (March 2017 – nil). The Company estimates the fair value of RSUs based on the market price of the underlying stock on the date of grant and recorded. For the year ended December 31, 2017 the company recognized \$2,343 charged to stock based compensation with respect to the restricted stock awards.

The Following table summarizes the stock option and performance warrant activity:

	Number of Restricted Stock Units	Weighted Average grant date fair value
Outstanding, March 31, 2016	-	\$ -
Granted	-	-
Outstanding, March 31, 2017	-	-
Granted pursuant to reverse acquisition	20,000	0.51
<b>Oustanding December 31, 2017</b>	<b>20,000</b>	<b>\$ 0.51</b>

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

#### 10. Related Parties

Key management personnel of the Group consist of its executive management and Board of Directors (as the Directors are considered to have control of the Company). In addition to the salaries and fees paid to key management, the Group also provides compensation to both groups under its share-based compensation plans. Compensation expenses paid to key management personnel were as follows:

	December 31, 2017	March 31, 2017
Short-term benefits	374,038	120,371
Share based awards	411,054	442,955
<b>Key Management personnel compensation</b>	<b>\$ 785,092</b>	<b>\$ 563,326</b>

#### Related party transactions

The Company engaged construction services from a related company for which entities share a common director. The Services totaled \$18,622 for the year ended December 31, 2017 and all transactions are considered at arm's length.

#### 11. Income Taxes

Income tax (recovery) expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates of 26.0% (2016 - 26.5%) to earnings before taxes. These differences result from the following items:

	2017	2016
Net Income (Loss) before recovery of income taxes	\$ (7,087,956)	\$ (967,372)
Expected income tax recovery	(1,842,869)	(251,517)
Tax rate changes and other adjustments	(5,401)	1,303
Non-deductible expenses	1,152,731	125,483
Amounts booked directly into equity		43,940
Change in tax benefits not recognized	(152,232)	80,791
<b>Income tax (recovery) expense</b>	<b>\$ (847,771)</b>	<b>-</b>

The Company's income tax (recovery) is allocated as follows:

	2017	2016
Current tax (recovery) expense	\$ -	\$ -
Deferred tax (recovery) expense	(847,771)	-
	<b>\$ (847,771)</b>	<b>\$ -</b>

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

#### Deferred tax

The following table summarizes the components of deferred tax:

	2017	2016
<b>Deferred Tax Assets</b>		
Property, plant and equipment	\$ 63,810	\$ -
Share issuance costs	244,670	-
Non-capital losses carried forward	913,050	-
<b>Deferred Tax Liabilities</b>		
Inventory	\$ (39,370)	\$ -
Biological Assets	(31,990)	-
Convertible debenture	(1,635,160)	-
<b>Net deferred tax Asset</b>	<b>\$ (484,990)</b>	<b>\$ -</b>

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2017	2016
Balance at the beginning of the year	\$ -	\$ -
Recognized in profit/loss	847,771	-
Recognized in equity	(1,332,761)	-
<b>Balance at the end of the year</b>	<b>\$ (484,990)</b>	<b>\$ -</b>

#### Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	2016
Share issuance costs	\$ -	\$ 13,600
Non-capital losses carried forward	\$ -	\$ 571,908



## Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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### 12. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued share capital and accumulated deficit, as well as mortgages payable and due to related parties.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to complete the construction of the medical marijuana production facility in Kelowna, British Columbia, to obtain its permit to sell medical marijuana under the ACMPR and to initiate production at the facility. Since inception, the Company has primarily financed its liquidity needs through issuance of shares, convertible promissory notes payable and loans.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

### 13. Financial instruments and risk management

The Company has classified its cash and derivative liability as fair value through profit and loss ("FVTPL"), accounts receivable and other receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties, convertible promissory notes payable and mortgage payable as other financial liabilities.

The carrying values of cash, accounts receivable, other receivables, due to related parties, accounts payable and accrued liabilities and convertible debentures approximate their fair values due to their short periods to maturity.

#### Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3 – inputs for assets and liabilities not based upon observable market data

Cash is classified as Level 1 financial instruments.

#### Financial risk factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash is held at a major Canadian bank. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

### Notes to the Consolidated Financial Statements

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 12). All of the Company's financial liabilities are due within one year except for the mortgage payable.

(c) Interest rate risk

The Company is subject to interest rate risk from its convertible promissory notes payable and mortgage payable, which are all currently fixed rate instruments.

### 14. Commitments

The Company has property and marketing commitments as at Dec 31, 2017 as follows:

	Current	1-2 years	3-5 years	> 5 years	Total
Property & Rent	91,956	101,737	563,720	-	757,413
Marketing	126,582	-	-	-	126,582
Total	218,538	101,737	563,720	-	883,995

### 15. Subsequent events

#### TS Brandco Holdings ("Tokyo Smoke") Merger

On January 30, 2018 the Company and Tokyo Smoke completed a business combination agreement pursuant to which DOJA agreed to acquire all of the issued and outstanding securities of Tokyo Smoke for gross consideration of 55,971,058 DOJA shares. Concurrently with the business combination the combined entity closed a strategic investment from Aphria Inc. and Uji Capital Inc. issuing 8,992,805 shares at \$1.39 per share for gross proceeds of \$12.5 million. An additional 8,992,805 warrants were issued with an exercise price of \$2.10 per warrant in conjunction with the strategic investment. The warrants have a 2 year life from the date of grant and subject to accelerated expiry in some circumstances.

Upon completion of the Amalgamation, DOJA changed its name to "Hiku Brands Company Ltd." And resumed trading on the CSE under the symbol "HIKU" on Jan 31, 2018.

#### Matri Acquisition

On Feb 1, 2018 the Company signed a binding LOI with Matri Group Inc, a Quebec based cannabis accessory and design brand, to acquire 100% of the issued and outstanding shares. Pursuant to the LOI, shareholders of Matri will receive upfront consideration of \$550,000 in a combination of cash and Hiku shares and up to \$1.2 million in earn out payments based on performance milestones being met. Completion of the proposed acquisition of Matri remains subject to conditions, including the entering into of a definitive agreement.

#### Manitoba Cannabis Retail License

On Feb 5, 2018 the Company's wholly owned subsidiary, Tokyo Smoke, with participation by with BOBHQ, was conditionally awarded one of four master retail licenses in Manitoba's Request for Proposal ("RFP") process for the right to operate retail cannabis stores. The License gives Tokyo Smoke the ability to operate legal retail cannabis stores and an online cannabis sales platform in Manitoba.

# Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

## Notes to the Consolidated Financial Statements

For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively

### Kaya Inc. Strategic Investment

On Feb 21, 2018 the Company entered into a LOI with Kaya Inc, the first licensed medical cannabis producer and dispensary operator in Jamaica, to launch a strategic alliance to pursue medical and adult-use cannabis branding, genetics, and retail opportunities in Jamaica and Canada. Under the terms of the LOI the Company made an initial investment of \$250,000 cash with an option to increase ownership through a secondary placement concurrent with future financings to increase the Company's ownership in Kaya Inc. to up to 10% on a fully diluted basis post financing.

### Acquisition of TS Prairie Retail Corp

On March 6, 2017 Hiku acquired all of the issued and outstanding shares of TS Prairie Retail Corp., an entity that previously held exclusive rights to establish Tokyo Smoke branded stores in Alberta, Manitoba, and Saskatchewan under a license agreement dated August 15, 2017, pursuant to a share purchase agreement in exchange for 4.2 million common shares in the capital of Hiku

### License to sell dried cannabis

Effective April 6, 2018 the Company's wholly owned subsidiary DOJA Cannabis received an amendment to its sales license from Health Canada to include the sales of dried cannabis, cannabis plants and seeds.

### WeedMD Inc. Merger

On April 19, 2018, the Company entered into a definitive agreement to merge with WeedMD Inc by way of a plan of arrangement of WeedMD under the Business Corporations Act (Ontario), pursuant to which WeedMD shareholders will receive 1.4185 Hiku common shares (each, a "Hiku Share") in exchange (the "Exchange Ratio") for each WeedMD common share. In addition, each outstanding option and warrant to purchase a WeedMD Share will be exchanged for an option or warrant, as applicable, to purchase a Hiku Share, based upon the Exchange Ratio. Upon completion of the Transaction, existing Hiku and WeedMD shareholders will own approximately 51.75% and 48.25% of the combined company, respectively, on a fully-diluted basis. Upon closing of the Transaction, it is anticipated that the common shares of the pro forma resulting entity will be listed on the TSX Venture Exchange ("TSX-V"), subject to regulatory approvals.

### Executive and Management Team Expansion

Subsequent to the period ended December 31, 2017 the Company hired additional executive team members through the acquisition of Tokyo Smoke and the addition of Lacey Norton (Lululemon, Kit and Ace) as Vice President of Retail, Will Stewart (Navigator) as Vice President, Corporate Communications and Joe Mimram (Dragons' Den, Joe Fresh, Club Monaco) as the first appointment to the Company's newly formed Board of Advisors. On the close of the transaction with Tokyo Smoke, Alan Gertner was appointed CEO of Hiku and Trent Kitsch as President.

### Movements in Share Capital Subsequent to period end

	As at December 31, 2017	Pursuant to Acquisition	Granted	Transferred	Exercised	Cancelled	As at April 30, 2018	WA Ex Price	WA Term Remaining - Years
Common Shares	61,301,070	55,971,058	14,289,437	-	9,391,224	-	140,952,789		As at April 30, 2018
Dilutive Securities									
Warrants	20,427,912	-	8,992,805	-	(8,639,248)	-	20,781,469	\$1.67	2.21
RSUs	20,000	-	-	1,646,972	(197,340)	-	1,469,632	n/a	1.27
Stock Options	950,001	11,820,038	139,222	(1,646,972)	(391,409)	(195,419)	10,675,461	\$0.29	4.06
Performance Warrants	7,652,399	-	-	-	(248,400)	-	7,403,999	\$0.04	1.68
Dilutive Securities	29,050,312						40,330,561		
<b>Subtotal</b>	<b>90,351,382</b>						<b>181,283,350</b>		
Outstanding Convertible Debentures	13,911,290						13,911,290	\$1.24	2.66
<b>Total Fully diluted</b>	<b>104,262,672</b>						<b>195,194,640</b>		

## Hiku Brands Company Ltd. (DOJA Cannabis Company Limited)

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### **Notes to the Consolidated Financial Statements**

*For the Nine and Twelve months ended December 31, 2017 and March 31, 2017 respectively*

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#### *Common Shares Issued:*

- On March 15, 2018, the Company issued 151,724 Common Shares as consideration for services for deemed value of \$220,000.
- On Jan 30, 2018 the Company issued 55,971,058 Common Shares pursuant to the close of the Tokyo Smoke merger. In connection with the Merger the Company also absorbed 11,820,038 stock options. Concurrent with the close of the Tokyo Smoke merger the company issued a total of 9,792,168 Common Shares for the concurrent private placement of \$12.5 million and subscription fees.
- On March 6, 2018 the Company issued 4,200,000 Common Shares pursuant to the closing of the acquisition of Prairie Co.
- On March 15, 2018, the Company issued 145,545 Common Shares as consideration for services for deemed value of \$400,000.

#### *Warrants Exercised*

- Subsequent to the period ended Dec 31, 2017 a total of 8,639,248 warrants were exercised for gross proceeds of \$2,203,877.

#### *RSUs Granted*

- On March 20, 2018 options for an employee were cancelled and issued as restricted stock. On March 20, 2018 197,340 RSUs vested and were issued to the employee on a net of tax basis.

#### *Stock Options*

- On Feb 21, 2018 a total of 139,222 options were granted to employees at a weighted average price of \$2.76 per share. Additionally in Feb 2018, a total of 195,419 options were cancelled for terminated employees.

#### *Performance Warrants and Options Exercised*

- On March 30, 2018 248,400 performance warrants were exercised for gross proceeds of \$40,505
- Subsequent to the period ended December 31, 2017 a total of 391,409 Stock Options were exercised for gross proceeds of \$114,703.