

# HIKU

## **/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE OR FOR DISSEMINATION IN THE UNITED STATES/**

### **Hiku Brands Offers Early Conversion Debenture Opportunity**

**FOR IMMEDIATE RELEASE – May 16, 2018 (Toronto):** Hiku Brands Company Ltd. (“**Hiku**”) (CSE: HIKU), Canada’s first vertically-integrated cannabis brand house, announces that it is offering the opportunity (the “**Early Conversion Opportunity**”) for eligible holders of 8% unsecured convertible debentures of Hiku due December 28, 2020 (the “**Debentures**”) to elect to convert their Debentures during the period (the “**Early Conversion Exercise Period**”) between May 17, 2018 and 5:00 p.m. (Toronto time) on June 7, 2018 (the “**Early Conversion Deadline**”) at the Conversion Price (as such term is defined in the Indenture (as defined below)) and in return receive an additional 250 common share purchase warrants of Hiku (the “**Early Conversion Warrants**”) per \$1,000 of principal amount of Debentures converted, in addition to the common shares of Hiku (the “**Common Shares**”) to be received in connection with such conversion.

The Early Conversion Opportunity is being offered by Hiku pursuant to certain amendments (the “**Amendments**”), made by extraordinary resolution, to the trust indenture governing the Debentures between Hiku and AST Trust Company (Canada) (the “**Trustee**”) dated December 28, 2017 (the “**Indenture**”). The Amendments were effected today pursuant to a supplemental indenture to the Indenture between Hiku and the Trustee, the full text of which will be available on Hiku’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Under the Early Conversation Opportunity, eligible beneficial holders of Debentures who elect to convert their Debentures during the Early Conversion Exercise Period prior to the Early Conversion Deadline will be entitled to receive Early Conversion Warrants. Each Early Conversion Warrant will be exercisable into one Common Share until 5:00 p.m. (Vancouver time) on May 16, 2021 at a price of \$1.50 per Common Share, subject to adjustment in certain events. The Early Conversion Warrants will be issued on a private placement basis only to “accredited investors” (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions*) and U.S. Accredited Investors (as such term is defined in the Indenture) and will be issued pursuant to a warrant indenture to be entered into by Hiku and the Trustee prior to the Early Conversion Deadline. Each Early Conversion Warrant and the underlying Common Shares will be subject to a statutory hold period of four months and one day following the date of issuance of such Early Conversion Warrant.

Hiku has received an indication from a beneficial holder of 73.2% of the aggregate outstanding principal amount of Debentures as at May 15, 2018 that it intends to convert its Debentures during the Early Conversion Exercise Period and participate in the Early Conversion Opportunity.

“The Early Conversion Opportunity is a fantastic outcome for all of our stakeholders and is a testament to our ability to be flexible and to optimize our capital structure heading into a legal adult-use market,” said Alan Gertner, Chief Executive Officer of Hiku. “Should all eligible beneficial holders of Debentures as of May 15, 2018 elect to convert, Hiku would realize approximately \$3.58 million in interest savings (until maturity), which will be directed towards executing our vertically integrated strategy across Canada.”

### **About Hiku:**

Hiku is focused on building a portfolio of engaging cannabis brands, unsurpassed retail experiences and handcrafted cannabis production. With a national retail footprint led by Tokyo Smoke, craft cannabis production through DOJA’s Access to Cannabis for Medical Purposes Regulations (“**ACMPR**”) licensed grow, and Van der Pop’s female-focused educational platforms, Hiku houses an industry-leading portfolio that aims to set the bar for cannabis brands in Canada.

Hiku’s wholly-owned subsidiary, DOJA Cannabis Ltd., is a federally licensed to cultivate and sell cannabis pursuant to the ACMPR, owning two production facilities in the heart of British Columbia’s Okanagan Valley. Hiku’s wholly-owned subsidiary, Tokyo Smoke, has been conditionally awarded one of four master retail licenses in Manitoba. Hiku also operates a network of retail stores selling coffee, clothing and curated accessories, across British Columbia, Alberta and Ontario.

### **Statement Regarding Forward-Looking Information**

This news release contains statements that constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Hiku's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur.

Forward-looking statements in this document include statements regarding Hiku's expectations regarding the participation of holders of Debentures in the Early Conversion Opportunity, the issuance of Early Conversion Warrants, the entering into of a warrant indenture between Hiku and the Trustee, and any realized interest savings as a result of the Early Conversion Opportunity and the use thereof. By their nature, forward-looking statements are based on the opinions and estimates of management at the date the information is made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Hiku is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

*The Canadian Securities Exchange has not approved nor disapproved the contents of this news release.*

### **For Further Information, Please Contact:**

Will Stewart  
Hiku Vice President of Corporate Communications and Public Affairs  
416-899-9422  
wstewart@hiku.com