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## **DOJA Cannabis and Tokyo Smoke announce merger and strategic investment from Aphria Inc.**

**Merger creates Canada's first retail- & brand-focused cannabis producer**

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*Two Canadian cannabis lifestyle brands join forces in a transformational transaction, bringing together industry leading management teams, British Columbia curated handcrafted cannabis production, a portfolio of visionary brands and a growing nationwide retail footprint.*

*Provides the first public markets investment opportunity focused on cannabis retail and brand; high-margin verticals with significant growth potential.*

*A strategic financing of \$12.5 million led by Aphria Inc. will bolster the combined company's cash position to approximately \$31 million, which the company plans to invest in scaling up production capacity, expanding its retail footprint and further building-out its portfolio of cannabis brands.*

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FOR IMMEDIATE RELEASE: (KELOWNA, BC and TORONTO, ON), December 21, 2017 – **DOJA Cannabis Company Limited** (“**DOJA**”) (**CSE:DOJA**) and **TS Brandco Holdings Inc.** (“**Tokyo Smoke**”) are pleased to announce that they have entered into a binding Letter of Intent (“**LOI**”) dated December 20, 2017, setting out the terms pursuant to which [DOJA](#) proposes to acquire (the “**Merger**”) all of the issued and outstanding shares in the capital of [Tokyo Smoke](#) (the “**Tokyo Smoke Shares**”). The Merger will create a uniquely positioned cannabis company combining a best-in-class craft cannabis producer with an award-winning lifestyle brand and retail-focused cannabis company. It is anticipated that the combined company resulting from the Merger will use the name “Hiku Brands Company Ltd.” (“**Hiku**” or the “**Company**”) to refer to the brand house containing premium cannabis brands DOJA, Tokyo Smoke, and Van der Pop.

Concurrently, DOJA is pleased to announce it has entered into a binding agreement with Aphria Inc. (“**Aphria**”) (**TSX:APH and US OTC: APHQF**) pursuant to which Aphria has committed to make a \$10 million strategic equity investment into Hiku. Additionally, the parties have agreed on the terms of a supply agreement, to be entered into in connection with the Merger (the “**Supply Agreement**”), to secure cannabis concentrate supply for Hiku's premium brand portfolio.

Upon completion of the Merger, the Company will have a robust cash position of approximately \$31 million, which it plans to invest in expanding its cannabis production capacity, growing its retail footprint, and adding select brands to its portfolio through highly strategic and complementary acquisitions.

DOJA's Board of Directors and Tokyo Smoke's Board of Directors have approved the Merger.

### Highlights of the Transformational Transaction

Key investment highlights of the Company include:

- **Creation of the first retail-focused, craft cannabis producer with a portfolio of leading lifestyle cannabis brands:** Hiku will be differentiated as the only Canadian craft cannabis producer with significant national retail presence and a growing portfolio of premium cannabis lifestyle brands including DOJA, Tokyo Smoke, and Van der Pop, appealing to a wide variety of consumers across Canada and globally.
- **Well positioned to capitalize on Canada's recreational cannabis market through retail:** Hiku has multiple highly recognizable brands and strategies in place to operate retail cannabis stores across various provinces. Vertically integrated operations position Hiku to offer exclusive products in Hiku-owned stores and achieve superior margins versus peers.
- **Licensed producer under the *Access to Cannabis for Medical Purposes Regulations (ACMPR)*:** 7,100 square foot production facility licensed by Health Canada. DOJA's second facility, a 22,580 sq ft warehouse, will house the FUTURE LAB. The FUTURE LAB is targeting its Phase 1 completion by Q2 2018 and once the facility is fully built-out utilizing an industry leading multi-tier system powered by LED lighting provided by Fluence BioEngineering, DOJA's annual production capacity is expected to be in excess of 5,000 kgs.
- **Retail locations from Eastern to Western Canada, with plans to expand:** Hiku will have seven operational, legal cannabis accessory stores with locations across Canada (Ontario, Alberta and British Columbia), representing an unprecedented platform to build brand awareness and reach consumers. Hiku will prioritize retail expansion in provinces allowing private cannabis retail and Tokyo Smoke and DOJA will respond to the Government of Manitoba's Request for Proposals to establish retail cannabis stores throughout the province.
- **Strategic Partnership with Aphria:** Aphria's strategic investment into Hiku marks Aphria's first venture into British Columbia's premium cannabis market. Combined with the Supply Agreement, the partnership with Aphria brings unparalleled experience in cannabis production and ensures secured supply for what is expected to be a supply-constrained market at the onset of legalization.
- **Led by industry leading management and team:** Hiku management has breadth and depth of expertise, with a proven track record of building and scaling businesses, including SAXX Underwear and a \$100 million+ business at Google. The supporting team brings expertise from the retail, cannabis, finance, design, marketing and creative fields.

- **Well capitalized for local and global growth:** Post-Merger, Hiku is expected to have a cash balance of approximately \$31 million and to be well positioned to expand within the Canadian market and enter into the emerging global cannabis markets.
- **Enhanced capital markets profile:** The combined entity post-financing is anticipated to have a basic market capitalization of approximately \$175 million at the transaction price, as well as increased trading liquidity for existing and prospective shareholders.

DOJA operates a cannabis production facility in British Columbia's Okanagan Valley, and is in the process of building FUTURE LAB, DOJA's new production facility to be located in Kelowna, British Columbia to support production capacity in excess of 5,000 kg per year. DOJA also operates the Culture Café, a café located on Kelowna's busiest street serving as a cannabis information centre that generates brand awareness. With the addition of Tokyo Smoke, an award-winning lifestyle brand with six coffee and cannabis accessory shops, Hiku will have a retail presence across Canada with a portfolio of multiple recognized cannabis brands including DOJA, Tokyo Smoke and Van der Pop. The Company's aggressive growth strategy will be supported by a strong balance sheet, positioning Hiku to be the preeminent craft cannabis brand house in the Canadian adult-use cannabis market.

Trent Kitsch, CEO of DOJA, said, "We have created the leading brand house in Cannabis. Where high quality and design will shape the Cannabis Future. I am confident Hiku will be trusted by consumers to design better customer experiences and products, resulting in greater market share. Tokyo Smoke's experienced management team has proven its ability to build and acquire respected cannabis brands and create brand awareness in a difficult-to-navigate regulatory environment. We see leveraging those skills and their strong retail operating abilities as highly complementary to our current operations and beneficial to the long-term trajectory of our company. The combination of cannabis production, retail footprint, and a portfolio of cannabis brands gives us the opportunity to realize the significant value of complete vertical integration."

Alan Gertner, CEO of Tokyo Smoke, added, "DOJA is an incredible organization, team and brand. DOJA's deeply authentic BC story combined with being one of the only licensed producers that have access to unique genetics through an import license creates a platform to provide customers an unrivaled premium experience. Not to mention, DOJA's cultivation team has already demonstrated their ability to deliver on all levels of production, including quality, yield and ensuring the plant's fullest potential is expressed through aroma, flavor and effects. Craft British Columbia approach, top notch branding, and retail will allow Hiku to have a distinctive business; high quality control, high demand and high margin."

"This strategic investment in and supply agreement with Hiku further bolsters our relationship with Tokyo Smoke and now DOJA, and reaffirms our commitment to expanding our product offering ahead of the recreational market," said Vic Neufeld, Chief Executive Officer of Aphria. "This transaction has the twofold benefit of providing us access to strong brands, through Tokyo Smoke and DOJA, and craft-cultivated British Columbia bud, through DOJA. Quality product and recognizable consumer brands will be key differentiators for patients and consumers, and we're looking forward to continuing our work with Hiku to create premium cannabis brands in Canada."

#### **Benefits to DOJA Shareholders**

- Tokyo Smoke owns two premium cannabis brands in the cannabis industry, Van der Pop and Tokyo Smoke, the recipient of the 2017 Canadian Cannabis Brand of the Year Award

- Internationally acclaimed and award-winning cannabis accessory stores with locations cross country
- The addition of a management team with deep relevant experience from Google, Samsung, Bain & Company, Barneys New York, David's Tea, Lululemon, Kit & Ace, PharmaCan Capital (now Cronos Group), Privateer and Marley's Natural
- Completed licensing and supply deals in Canada
- Strategic investment of \$12.5 million led by Aphria and including Uji Capital

## Merger Structure and Terms

Under the terms of the Merger, DOJA will acquire all of the outstanding Tokyo Smoke Shares in exchange for shares of DOJA ("**DOJA Shares**").

The LOI currently contemplates the parties entering into a definitive agreement (the "**Definitive Agreement**") prior to January 15, 2018, and completing the Merger by no later than March 31, 2018, unless otherwise agreed by the parties.

The Merger is subject to requisite regulatory approvals, including the approval of the Canadian Securities Exchange, requisite Tokyo Smoke shareholder approval and standard closing conditions, including the approval of the Definitive Agreement by the boards of the respective companies and completion of due diligence investigations to the satisfaction of each of the parties. The legal structure for the Merger will be confirmed after the parties have considered all applicable tax, securities law, and accounting efficiencies.

Based upon the number of Tokyo Smoke Shares outstanding as at December 21, 2017, if the Merger is completed, DOJA will issue approximately 55.6 million DOJA Shares to the shareholders of Tokyo Smoke in exchange for their Tokyo Smoke Shares.

## Strategic Financing

Aphria, along with Uji Capital (collectively the "**Strategic Investors**") have entered into binding agreements with DOJA pursuant to which the Strategic Investors will acquire from DOJA, on a non-brokered private placement basis, 8,992,805 subscription receipts (the "**Subscription Receipts**") of DOJA at a purchase price of \$1.39 per Subscription Receipt, equivalent to DOJA's five day volume weighted share price, for aggregate gross proceeds of \$12.5 million (the "**Strategic Financing**").

The Subscription Receipts will be automatically convertible into units of Hiku (the "**Units**") upon the satisfaction of certain escrow release conditions, with each Unit comprised of one common share of Hiku (a "**Common Share**") and one Common Share Purchase Warrant of Hiku (a "**Warrant**"). Each Warrant will be exercisable to acquire one common share (a "**Warrant Share**") for a period of two years from the closing date of the Merger at an exercise price of \$2.10 per Warrant Share. If, following the closing of the Merger, the volume weighted average price of the Common Shares on the Canadian Securities Exchange is equal to or greater than \$3.05 for any twenty (20) consecutive trading days, Hiku may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice.

Closing of the Strategic Financing is subject to the satisfaction of certain closing conditions including, but not limited to, closing of the Merger, the receipt of all necessary approvals, including the approval of the Canadian Securities Exchange.

### **Management Team**

The proposed management team of Hiku has a proven entrepreneurial track record and, collectively, decades of experience in branding, marketing, corporate strategy and retail operations. Trent Kitsch, presently CEO of DOJA, will become President of Hiku while Alan Gertner, presently CEO of Tokyo Smoke, will serve as CEO of Hiku.

### **Alan Gertner, CEO Hiku**

Alan Gertner is most recently the co-founder of Tokyo Smoke, an award winning cannabis brand created in 2014. He built Tokyo Smoke from the ground up into a full scale organization with internationally recognized brands and a cross country network of retail stores. Previously, Alan spent six years at Google, initially on Google's first Global Business Strategy team, then leading a \$100 million+ revenue organization in Asia Pacific. Alan was formerly a Management Consultant at Oliver Wyman in New York and graduated Dean's list from the Richard Ivey School of Business. He brings more than 15 years of strategy, marketing and executive experience to the new management team. He was named one of the Most Influential People in Toronto in 2017 as recognition for his leadership in the Cannabis industry.

### **Trent Kitsch, President Hiku**

Trent founded SAXX Underwear Co. in 2007 and successfully built SAXX into a globally recognizable brand and the fastest growing underwear brand in North America before exiting the business in 2016. In 2013 Trent and his wife Ria founded Kitsch Wines in the Okanagan Valley which has quickly grown into an award-winning winery with a unique millennial following. The ACMPR application and conception of DOJA started in 2013 and has authentically represented cannabis culture and positioned DOJA as a leading premium cannabis lifestyle brand. Trent is an MBA graduate of the Richard Ivey School of Business with a major in Entrepreneurship, and recently was selected as one of 10 Ivey Ambassadors for Entrepreneurship.

### **About DOJA Cannabis Company Limited**

DOJA™ is a premium cannabis lifestyle brand growing high-quality handcrafted cannabis flower. DOJA's wholly owned subsidiary is a licensed producer of cannabis under the ACMPR that has requested its Pre-Sales License Inspection, the last step prior to receiving a license to sell cannabis under the ACMPR. DOJA's state-of-the-art ACMPR licensed production facility is located in the heart of British Columbia's picturesque Okanagan Valley. DOJA was founded by the proven entrepreneurial team that started SAXX Underwear®.

### **About Tokyo Smoke**

Founded in 2015 by Alan and Lorne Gertner, Tokyo Smoke is an award-winning cannabis lifestyle brand that brings sophistication and design to the fast-growing industry. With immersive experiences and design-first, non-dispensary retail spaces selling coffee, cannabis accessories and design products, the brand has six locations in Canada, with plans to expand nationwide. Recently named "Brand of the Year" at the Canadian Cannabis Awards, Tokyo Smoke has showcased excellence in brand storytelling, and has developed an international reputation as the go-to destination for engaging content offerings within the industry. With the completion of its Series A and B funding – resulting in approximately \$10 million in total raised capital, the acquisition of fellow designer cannabis brand Van der Pop, and by partnering with

Aphria Inc. (TSX: APH and US OTC: APHQF) and WeedMD (TSXV: WMD), Tokyo Smoke continues to be the leading Canadian brand in the cannabis space.

### **About Hiku**

Hiku is focused on handcrafted cannabis production, immersive retail experiences, and building a portfolio of iconic, engaging cannabis lifestyle brands. Hiku is differentiated as the only Canadian craft cannabis producer with a significant national retail footprint and a growing brand house including premium cannabis lifestyle brands DOJA, Tokyo Smoke, and Van der Pop.

Hiku's wholly owned subsidiary, DOJA Cannabis Ltd., is a federally licensed producer pursuant to the ACMPR, owning two production facilities in the heart of British Columbia's Okanagan Valley. The company operates a network of retail stores selling coffee, clothing and curated accessories, across British Columbia, Alberta and Ontario.

For more information, please visit [www.hikubrand.com](http://www.hikubrand.com)

### **About Aphria**

Aphria Inc., one of Canada's lowest cost producers, produces, supplies and sells medical cannabis. Located in Leamington, Ontario, the greenhouse capital of Canada. Aphria is truly powered by sunlight, allowing for the most natural growing conditions available. We are committed to providing pharma-grade medical cannabis, superior patient care while balancing patient economics and returns to shareholders.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:** 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 DOJA'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 DOJA's expectations regarding the structure and completion of the Transaction, the terms and quantum of the Strategic Financing, the Supply Agreement, its future cash position and market capitalization, plans to expand its cannabis production capacity, its plans to add select brands to its portfolio through strategic and complementary combinations, its intent to change its name, the composition of the board of directors and management team of the combined Company, the anticipated benefits to DOJA shareholders, regulatory approvals and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others:

- that there is no assurance that the parties will obtain the requisite director, shareholder and regulatory approvals for the Transaction;
- there is no assurance that the Transaction will close on the terms anticipated or at all;

- following completion of the Transaction, the combined Company may require additional financing from time to time in order to continue its operations; financing may not be available when needed or on terms and conditions acceptable to the combined Company;
- new laws or regulations could adversely affect the combined Company's business and results of operations;
- the combined Company or their suppliers may experience crop failures which could adversely affect the combined Company's business and results of operations;
- fluctuations in currency and interest rates could have a negative impact on the combined Company's financial results, and
- stock markets have experienced volatility that often has been unrelated to the performance of companies. These fluctuations may adversely affect the price of the combined Company's securities regardless of its operating performance.

When relying on the DOJA's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and risks and other uncertainties and potential events. DOJA has assumed that the material factors referred to in the previous paragraphs will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. DOJA undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

**THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.**

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

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