

FORM 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares (the “**Common Shares**”) in the capital of Hiku Brands Company Ltd. (the “**Issuer**”), with its head office located at 6-2322 Dominion Road, West Kelowna, British Columbia, V6C 3E8.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror

The acquiror is 2441124 Ontario Inc. (the “**Acquiror**”), a corporation existing under the laws of the Province of Ontario with its head office address at 358 Dufferin St., Suite 109, Toronto, Ontario, Canada, M6K 1Z8. The Acquiror is jointly owned and controlled by Alan Gertner and Lorne Gertner.

2.2 State the date of the transaction or other business occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On January 30, 2018, the Acquiror acquired direct ownership and control of 19,771,713 Common Shares. The Common Shares were acquired pursuant to a three-cornered amalgamation (the “**Transaction**”) involving the Issuer and TS Brandco Holdings Inc. (“**Tokyo Smoke**”), pursuant to which Tokyo Smoke and a subsidiary of the Issuer amalgamated and each security of Tokyo Smoke was exchanged for thirteen (13) securities of the Issuer on the same economic terms. In connection with the Transaction, Alan Gertner acquired options to purchase 363,779 Common Shares at a price of \$0.19 per Common Share (“**Alan’s Acquired Options**”) and Lorne Gertner acquired options to purchase 71,279 at a price of \$0.19 per Common Share (“**Lorne’s Options**”). In connection with the Transaction, Hill & Gertner Capital Corp., a corporation jointly owned and controlled by Lorne Gertner and another shareholder, acquired ownership of 318,916 Common Shares.

2.3 State the name of any joint actors

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

See Item 2 above.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the completion of the Transaction, neither the Acquiror nor Lorne Gertner had control, directly or indirectly, of any Common Shares. Prior to the completion of the Transaction, Alan Gertner owned options to purchase 100,000 Common Shares at a price of \$0.95 per Common Share ("**Alan's Existing Options**"), and together with Alan's Acquired Options, "**Alan's Options**"), representing approximately 0.15% of the issued and outstanding Common Shares on a partially diluted basis (i.e. assuming the exercise of only Alan's Existing Options).

Following the completion of the Transaction, the Acquiror directly owns and controls 19,771,713 Common Shares, representing approximately 15.08% of the issued and outstanding Common Shares.

Following the completion of the Transaction, Alan Gertner indirectly owns and controls 19,771,713 Common Shares as a result of his joint ownership and control of the Acquiror, representing approximately 15.08% of the issued and outstanding Common Shares. In addition, if Alan Gertner were to exercise all of Alan's Options, he would obtain ownership and control over an additional 463,779 Common Shares, which when aggregated with the other Common Shares indirectly owned or controlled by Alan Gertner, would total 20,235,492 Common Shares, representing approximately 15.38% of the issued and outstanding Common Shares on a partially diluted basis (i.e. assuming the exercise of only Alan's Options).

Following the completion of the Transaction, Lorne Gertner indirectly owns and controls 20,090,629 Common Shares as a result of his joint ownership and control of each of the Acquiror and Hill & Gertner Capital Corp., representing approximately 15.32% of the issued and outstanding Common Shares. In addition, if Lorne Gertner were to exercise all of Lorne's Options, he would obtain ownership and control over an additional 71,279 Common Shares, which when aggregated with the other Common Shares indirectly owned or controlled by Lorne Gertner, would total 20,161,908 Common Shares, representing approximately 15.37% of the issued and outstanding Common Shares on a partially diluted basis (i.e. assuming the exercise of only Lorne's Options).

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 3.4 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 State if the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 State if the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Not applicable.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

The securities were acquired pursuant to the Transaction as described under Item 2, above.

Item 5 – Purpose of the Transaction

5.1 State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- f) a material change in the reporting issuer’s business or corporate structure;**
- g) a change in the reporting issuer’s charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- j) a solicitation of proxies from securityholders;**
- k) an action similar to any of those enumerated above.**

Other than Alan’s Existing Options, the securities of the Issuer described above were acquired as a result of the Transaction, the terms of which were negotiated on an arm’s length basis between the Issuer and Tokyo Smoke. The Common Shares acquired by the Acquiror and Hill & Gertner Capital Corp. are subject to a contractual hold period as negotiated between the Issuer and Tokyo Smoke (the “**Hold Period**”), pursuant to which 25% of such Common Shares will become tradeable on each of the days that is 4.5 months, 9 months, 13.5 months and 18 months following the closing of the Transaction, respectively. The Acquiror, Alan Gertner and Lorne Gertner each may, from time to time, take such actions in respect of their respective holdings in securities of the Issuer as they may deem appropriate, in light of the circumstances then existing, including the purchase of additional Common Shares or other securities of the Issuer or the disposition of all or a portion of the their respective securityholdings in the Issuer, subject in each case to applicable securities laws, the Hold Period and the terms of such securities, as applicable.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED this 1st day of February, 2018.

2441124 ONTARIO INC.

Per: “Alan Gertner” (signed)
Alan Gertner, Chief Executive Officer

Per: “Alan Gertner” (signed)
Alan Gertner

Per: “Lorne Gertner” (signed)
Lorne Gertner