



**Q1 2019**

**INVESTOR PRESENTATION**

A Global Cannabis Leader

*October 11, 2018*

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Forward-looking information and other information contained herein concerning management’s general expectations concerning the medical marijuana industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, industry data is subject to change based on various factors.

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## We Have A Good Thing Growing

### OUR MISSION:

Led by our passion for customers and consumers, Aphria's mission is to be the premier global cannabis company through an unrelenting commitment to our people, product quality and innovation.

### OUR VISION:

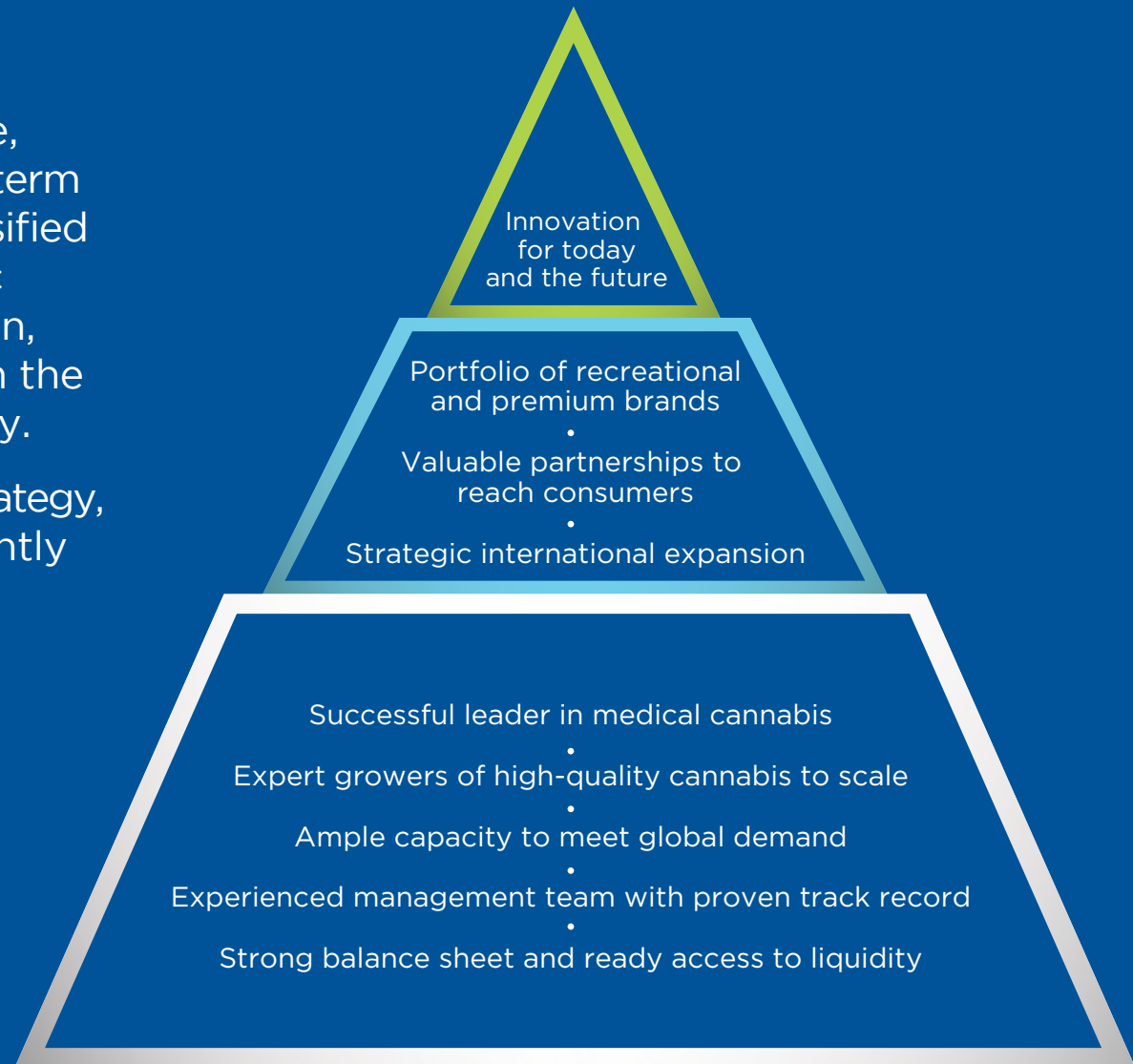
Aphria's vision is to be the best performing cannabis company globally, providing investors with access to the most accretive cannabis opportunities around the world.



# Strategic approach to long-term growth

With a strong foundation in place, Aphria is driving sustainable long-term shareholder value through a diversified approach to innovation, strategic partnerships and global expansion, while effectively mitigating risk in the rapidly evolving cannabis industry.

We have been executing on this strategy, which is reflected in our consistently strong financial performance.





# Thoroughly researched and conceptualized recreational brands

## OUR RESEARCH

Our extensive year-long and three-phased research process identified key consumer segments.

## OUR BRANDS

Grounded in these expertly-researched consumer insights, our in-house brands and licensed brands are designed to meet the needs of the most profitable consumer segments.

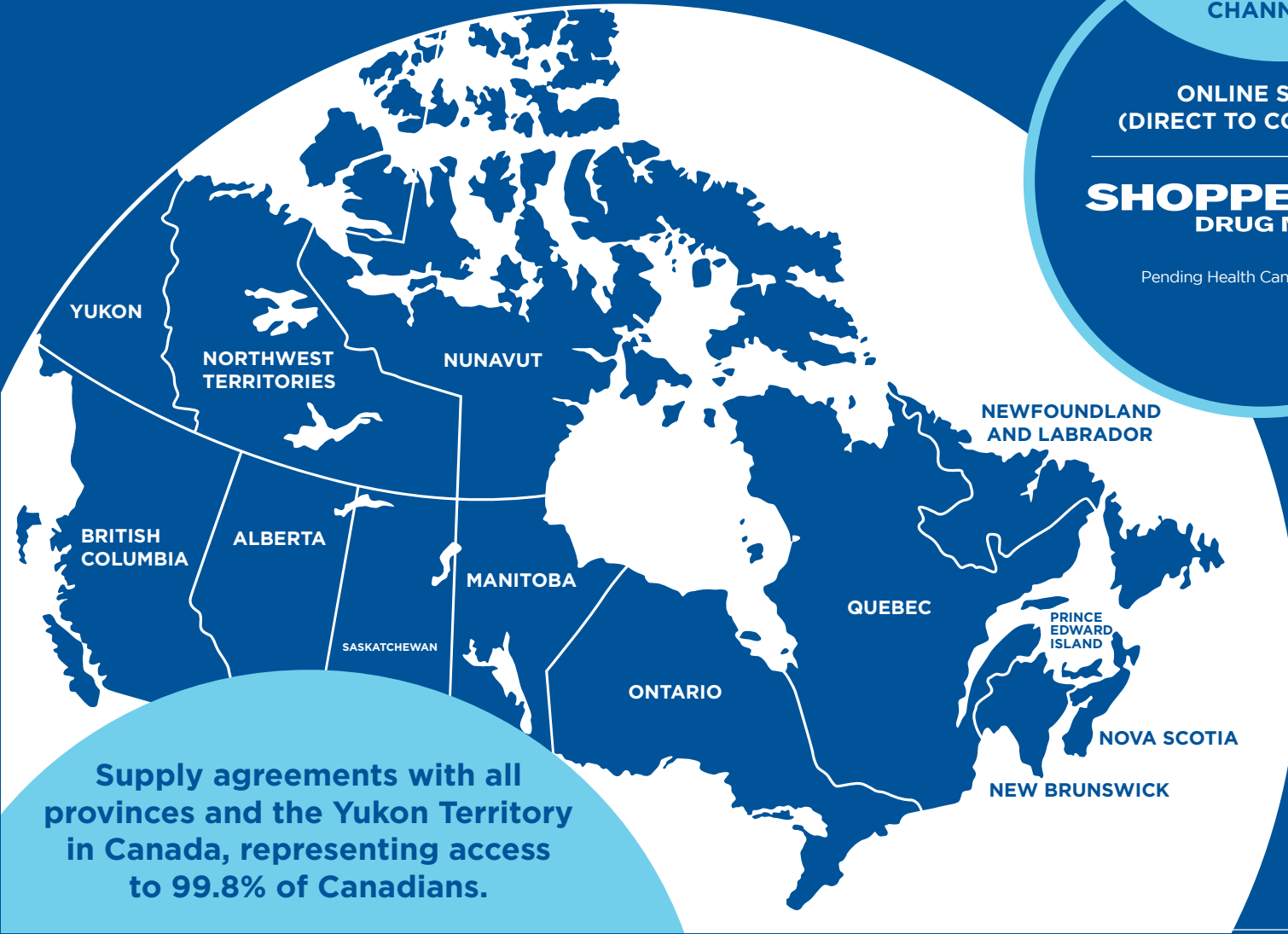
- Distinct and profitable target segments
- Range of retail prices
- Diversified product offering
- Backed by strong marketing support
- North American reach with Solei licensed in the U.S.



Each of our brands have been created to delight distinct segments of consumers, from first-timers to the most experienced users and those in between.



# Recreational Distribution Agreements



Supply agreements with all provinces and the Yukon Territory in Canada, representing access to 99.8% of Canadians.

**MEDICAL CHANNELS**

**ONLINE SALES (DIRECT TO CONSUMER)**

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**SHOPPERS DRUG MART** 

Pending Health Canada approval

Over **8,700 kg** sold\*

\* Since 2014



# Southern Glazer's named exclusive strategic distribution partner



## ABOUT SOUTHERN GLAZER'S

North America's largest wine and spirits distributor

• Operations in every province across Canada, the U.S. (44 states plus the District of Columbia), and the Caribbean

• Represents 1,700 wine, spirits, beer and beverage suppliers

## AN INDUSTRY-LEADING STRATEGIC PARTNERSHIP

**100% retail coverage** of all cannabis retailers from Day 1 - from the most populated cities to the most remote locations

• **Expertise and relationships with liquor boards** in every province

• **Proven track record** of delivering listings and driving sales across all provinces

• A **dedicated team** for the cannabis industry

• **Accountable** to Aphria sales targets and KPIs

• **Exclusive partner to Aphria** among large-scale suppliers



# Five pillars of strategic international expansion

## NORTH AMERICA:

**Canada:** Supply agreements with all Provinces and Yukon, strategic partnerships establishing wholesale supply agreements

## EUROPE:

**Germany:** Supply agreement with distributor reaching over 13,000 pharmacies  
**Italy:** One of only 7 cannabis import licenses in Italy  
**Malta:** Owns ASG Pharma, a high-capacity GMP lab

## PAN ASIA:

**Australia:** 25% ownership of public licensed producer Althea  
Supply agreement for clinical drug trials with MedLab and one other company

## SOUTH AMERICA:

Acquisition of LATAM Holdings Inc., providing immediate access to Colombia, Argentina, Jamaica and potentially Brazil

## AFRICA:

**Lesotho:** JV and off-take agreement with Verve Dynamics





# Innovation and Capabilities for Today and Tomorrow

1

## GETTING THE BASICS RIGHT

We've perfected our ability to grow a safe and high **quality flower to scale** providing us with a dried flower product and the **ability to deliver derivative products at superior margins.**

2

## CATEGORY MUST HAVES

Backed by our team of R&D experts and partners, we have a solid plan in place to bring **today's top products** to our patients & consumers (once permitted).

### Softgel Capsules

*Pending Health Canada approval*

### Topical Oil

*In-House & Partnership TBA*

### Vapes

(disposables, cartridges)

*GreenTank Partnership & Equity Agreement*

### Concentrates

(oils, concentrates, distillates etc...)

*In-House*

### Edibles

(chocolates, candies, mints, infused foods)

*In-House & Partnership TBA*

### Beverages

(RTD, teas etc...)

*Partnership TBA*

### Topicals

(Creams, balms, compounds)

*In-House & Partnership TBA*

### Medical Delivery Systems

(strips, transdermal patches)

*Partnership TBA*



# Strategic Innovation Partners

3

## TODAY AND TOMORROW'S INNOVATIONS

Our Innovation Team & Strategic Expert Partners are committed to bringing **breakthrough innovations** to the global cannabis market. Focusing on untapped opportunities and backed by the latest **technologies, patents** and **IP**, tomorrow's cannabis products will revolutionize the way our patients and consumers integrate cannabis into their lives.



Extraction Centre of Excellence

### IN-HOUSE

- Specifically designed to allow our in-house R&D team and strategic partners a place to conceptualize, design and test new and innovative derivative products.



ARA Avanti Rx Analytics Inc.

### 100% FULLY OWNED SUBSIDIARY

- Establishment & Dealer license
- GMP Certified
- Analytical testing
- Product Development
- Extraction & Purification
- Formulation



GreenTank Technologies

### EQUITY INVESTMENT & SUPPLY AGREEMENT

- True-Taste Ceramic Core Technology for superior user experience
- Continuous R&D on improved vape technologies
- Wide range of custom vape devices designed exclusively for Aphria



Clinical Research & University Partners

### PARTNERS IN R&D AND ANALYSIS

- TetraBio Pharma (Canada), MedLab (Australia), Hospital Garrahan (Argentina)
- University of British Columbia  
Simon Fraser University  
University of Alberta  
University of Saskatchewan  
University of Western Ontario  
University of Guelph  
McMaster University  
University of Windsor  
British Columbia Institute of Technology  
Mcgill University  
University of New Brunswick



# Appendix



# Successful leader in medical cannabis

A leading choice for medical cannabis patients in Canada since 2014. We are committed to providing high quality, safe and pure medical cannabis and superior patient care.

## PATIENT CARE

Award-winning Patient Care Team

Longstanding support of our veteran community

Partnership with Arthritis Society of Canada

## BRANDS



aphria inc.



GOOD SUPPLY



Goodfields  
CANNABIS CO.

## PRODUCTS

**30+**  
dried flower  
products

**4**  
softgels\*

**7**  
activated cannabis  
oil products

**1**  
new innovative  
product TBA\*

\*Pending HealthCanada approval



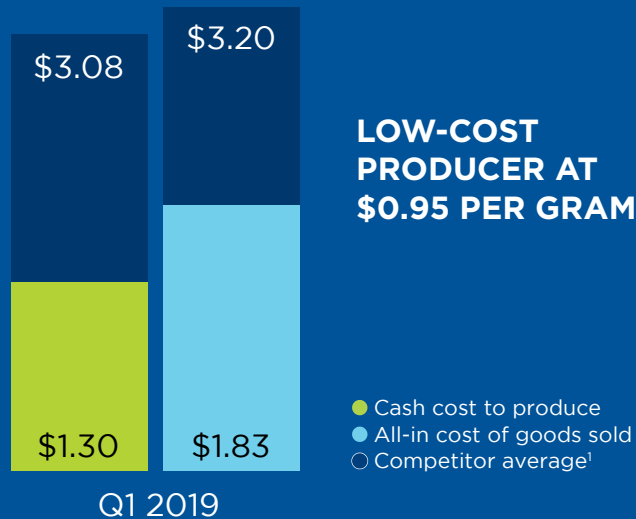


# Expertly growing high-quality cannabis to scale

## THE APHRIA KNOW-HOW SYSTEM



Derived from over 60 years of expertise in agriculture and large-scale commercial growing, the Aphria Know-How system has been successfully commercialized and licensed to producers around the world.



**SEED-TO-SALE CERTIFIED**

PROPRIETARY 509 STEP PROCESS

### QUALITY IN OUR DNA

Proprietary 509-step Seed-to-Sale Quality Management Program

0 recalls due to product quality

### GMP-CERTIFIED FACILITIES

Aphria One  
Avanti Lab  
ASG Pharma Lab (Malta)



All-in costs equal to cost of sales (excluding any fair value of biological assets adjustments) divided by grams sold in quarter. Cash costs equal to cost of sales less amortization reported in cost of sales, all divided by grams sold in quarter.

<sup>1</sup> All competitor calculated values used within the table above are based on reported financial statements for comparative operating periods available on SEDAR as of October 11, 2018 applying Aphria's definitions for All-in costs and Cash costs, as described above



# Ample capacity to meet growing global demand

## TOTAL ANNUALIZED PRODUCTION CAPACITY

### TODAY



**BROKEN COAST**  
5,000 kg  
**APHRIA ONE**  
30,000 kg

### JANUARY 2019



**BROKEN COAST**  
5,000 kg

**APHRIA ONE**  
110,000 kg

**APHRIA DIAMOND**  
140,000 kg

255,000 kg COMBINED ANNUAL PRODUCTION

ONE OF THE LARGEST FULLY-FUNDED PRODUCTION CAPABILITIES IN THE INDUSTRY IN EARLY 2019



# Experienced management team with proven track record

## **VIC NEUFELD**

CHIEF EXECUTIVE OFFICER

- Former CEO of Jamieson Laboratories 1993-2014
- Grew market share from 7% to 27%
- Launched Jamieson in 44 countries

## **COLE CACCIAVILLANI**

CO-FOUNDER & VP, GROWING OPERATIONS

- Greenhouse industry veteran and pioneer
- Touched 8.5M plants per year in greenhouse operations, commercialized for sale to big box retailers (e.g. Costco, Wal-Mart)

## **JOHN CERVINI**

CO-FOUNDER & VP OF INFRASTRUCTURE

- Fourth generation greenhouse grower
- International growing expertise, managed 200 acres of greenhouse in Leamington, Mexico and California

## **GARY LEONG**

CHIEF SCIENCE OFFICER

- Former CSO of Jamieson Laboratories
- Sitting member of the Board of Directors of the Natural Health Product Research Society

## **JAKOB RIPSHEIN**

CHIEF COMMERCIAL OFFICER

- Former CFO Diageo North America and President of Diageo Canada
- Managing commercial operations driving business of Diageo

## **CHRISTELLE GEDEON**

CHIEF LEGAL OFFICER

- Former Partner at Fasken
- Expertise in regulated products under the Food and Drugs Act
- Ph.D. in Clinical Pharmacology and Toxicology

## **CARL MERTON**

CHIEF FINANCIAL OFFICER

- 10+ years in capital markets
- Over \$3B in M&A deals
- Over \$650 M in capital raises



# Strong Balance Sheet and Ready Access to Liquidity

Working capital:  
**\$363 M**

Strong balance sheet  
with approx.  
**\$314 M**  
in deployable assets\*\*

Among the  
industry's strongest  
gross margins  
**63.6%**  
(Q1-2019)

\*\* Includes Cash and cash equivalents & marketable securities as disclosed in the Management discussion and analysis released on October 11, 2018





# Financials



# Q1 2019 Results

	Q1 -2019	Q4 -2018
Revenue	13,292	12,026
Kilograms sold	1,778	1,313
All-in cost of goods sold	1.83	1.60
Cash cost to produce	1.30	0.95
Adjusted Gross margin	63.6%	78.7%





# Equity **STRONG WELL-CAPITALIZED BALANCE SHEET**

QUARTER 1 - ENDED AUGUST 31, 2018

**\$314 MILLION IN CASH  
AND NEAR CASH POSITION**

	<b>TOTAL</b>	<b>PERCENTAGE (FULLY DILUTED)</b>
<b>Common shares outstanding</b>	249,762,289	<b>96%</b>
<b>Options</b>	8,093,159	<b>3%</b>
<b>Warrants</b>	2,666,531	<b>1%</b>
<b>Fully Diluted shares as at October 11, 2018</b>	<b>260,521,979</b>	

**WORKING CAPITAL  
APPROX.  
\$366 MILLION\***

**INVENTORY:  
8,402 KILOGRAMS  
(OR KILOGRAM EQUIVALENTS)**

\* Includes Cash and cash equivalents & marketable securities as disclosed in the Management discussion and analysis released on October 11, 2018.

