APHRIA INC. ANNOUNCES STRATEGIC ENTRY INTO THE UNITED STATES WITH AN AGREEMENT TO ACQUIRE SWEETWATER BREWING COMPANY
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: Certain information in this news release constitutes forward-looking information or forward-looking statements (together, “forward-looking statements”) under applicable securities laws and are expressly qualified by this cautionary statement. Any information or statements that are contained in this news release that are not statements of historical facts, including but not limited to, statements in this news release with regards to a potential change in the Company’s business strategy, increases in the market price of the Company’s share price, future events and are based on information currently available to management including based on reasonable assumptions, estimates, internal and external analysis and opinions of management considering its experience, perception of trends, general economic conditions and other factors that management believes to be relevant. Any information or statements that are contained in this news release that are not statements of historical facts, including but not limited to, statements in this news release with regards to a material change in the Company’s business strategy, increases in the market price of the Company’s share price, future events and are based on information currently available to management including based on reasonable assumptions, estimates, internal and external analysis and opinions of management considering its experience, perception of trends, general economic conditions and other factors that management believes to be relevant as at the date such statements are made. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievements to materially differ from any future forward-looking statements that may cause such differences include, but are not limited to, risks assumptions and expectations described in the Company’s critical accounting policies and estimates; the adoption and impact of certain accounting pronouncements; the Company’s future financial and operating performance; the competitive and business strategies of the Company; the intention to grow the business, operations and potential activities of the Company; the ability of the Company to complete the acquisition of SweetWater and to obtain financing on favorable terms; the Company’s ability to provide a return on investment from its acquisition of SweetWater; the Company’s ability to maintain a strong financial position and the financial impact of its existing assets and facilities; the expected inventory and production capacity of the Company; the expected category growth of the Company's products; the anticipated increase in demand for bulk and saleable flower, and the expected growth in the wholesale market; the expected variability of wholesale cannabis revenue; the market for the Company’s current and proposed products, including vape pens, as well as the Company’s ability to capture the market share for its anticipated range of new products; the development of the Company's branded, product diversification and future corporate development in respect of its product development and sales mix; the Company's ability to obtain the required investments; the Company’s ability to take a leadership position in the industry and continue operations; the Company’s expected ongoing contractual relationships, and the terms thereof; the Company’s ability to comply with its financial covenants in the future; the applicable laws, regulations, licensing and any amendments thereof related to the cultivation, production and sale of cannabis products in the Canadian and international markets; the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof; the Company's purpose, mission, vision and values with; the effects of COVID-19 nationally and globally which could have a material adverse impact on Aphria's business, operations and financial results, including disruptions in cultivation and processing, supply chains and sales channels, as well as a deterioration of the general economic conditions in China and/or global recessions and the response of governments to the COVID-19 pandemic in respect of the operation of retail stores; general economic conditions; adverse industry events and future steps to be taken in response to COVID-19; the expected cost to produce a gram of dried cannabis; the expected cost to process cannabis oil; expectations with respect to crop rotation and harvest, the anticipated future gross margins of the Company and the potential for significant growths or losses; the potential for the Company to record future impairment losses; the performance of the Company’s business and operations; the Company's ability to capitalize on the US market; future expenditures, strategic investments and capital activities; the anticipated timing for the completion of the Company’s cultivation facility, the first harvest from such facility and the expected capacity of such facility; and current and future legal actions, and the Company’s ability to cover any costs or judgements arising from these actions either through insurance or otherwise.

Readers are cautioned that the foregoing list is not exhaustive and should consider the other factors discussed under the heading “Risk Factors” in Aphria's most recent Annual Information Form and under the heading “Industry Trends and Risks” in Aphria’s Management’s Discussion and Analysis for the three months ended August 31, 2020, each available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ from such information. The forward-looking statements include, but are not limited to, statements made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities laws. Neither TSX nor its Regulation Services Provider (as that term is defined in the policies of Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.

NON-IFRS MEASURES: In this Presentation, reference is made to adjusted EBITDA, which is not a measure of financial performance under International Financial Reporting Standards (IFRS). This metric and measure is not a recognized measure under IFRS does not have meanings prescribed under IFRS and is as a result unlikely to be comparable to similar measures presented by other companies. This measure is provided as information complimentary to those IFRS measures by providing a further understanding of our operating results from the perspective of management. As such, this measure should not be considered in isolation or in lieu of review of our financial information reported under IFRS. Definitions and reconciliations such measure can be found in Aphria’s annual Management’s Discussion and Analysis on SEDAR and EDGAR. This Presentation may not be reproduced, further distributed or published in whole or in part by any other person. Neither this Presentation nor any copy of it may be taken or transmitted into or distributed in any other jurisdiction which prohibits the same except in compliance with applicable laws. Any failure to comply with this restriction may constitute a violation of applicable securities law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and Aphria does not accept liability to any person in relation thereto.
# TRANSACTION OVERVIEW

<table>
<thead>
<tr>
<th>Target</th>
<th>SW BREWING COMPANY LLC (&quot;SweetWater&quot;), headquartered in Atlanta, GA.</th>
</tr>
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</table>
| Purchase Price and Transaction Consideration | - Upfront purchase price of approximately USD$300 million representing a 12.5x Adjusted EBITDA multiple, including:  
  - USD$250 million in cash  
  - Approximately USD$50 million in Aphria stock  
  - Up to USD$66 million of additional cash under an earnout linked to future EBITDA growth through the end of calendar year 2023 |
| Cash Financing | - Committed USD$100 million term debt facility at the SweetWater level to be provided by certain of Aphria's and SweetWater’s existing lenders  
  - Accessing up to USD$100 million from Aphria’s existing USD$100 million At-The-Market ("ATM") equity program  
  - Available cash on hand (Aphria reported a cash and cash equivalents balance of CAD$400 million as of 08/31/20) |
| Management | - SweetWater management team will remain in place, as well as all 125 employees  
  - Freddy Bensch will continue as Chief Executive Officer of the wholly owned subsidiary, reporting directly to Irwin Simon |
| Timing and Required Approvals to Close | - The transaction has been unanimously approved by Aphria’s board of directors and is expected to close before the end of December 2020  
  - Subject to customary closing conditions including HSR clearance |
S T R A T E G I C  A N D  F I N A N C I A L  B E N E F I T S

✓ Creates a Branded Cannabis Lifestyle Products Company with a Diverse Revenue Base

✓ Generates Significant Cross-Selling Opportunities while Expanding Aphria’s Addressable Market in both the U.S. and Canada

✓ Opportunity for Accelerated Entry into the U.S. Cannabis Market, Subject to Federal Legalization

✓ Addition of Outstanding Executive Team and Visionary Founder with Track Record of Building and Growing Strong Consumer Brands

✓ Immediately Accretive to EBITDA Margin and Diluted EPS
### HISTORICAL FINANCIAL OVERVIEW

All $ in millions

<table>
<thead>
<tr>
<th>Period</th>
<th>PRODUCTION VOLUME (barrels of beer)</th>
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### SweetWater Historical Financials

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### Pro Forma Historical Aphria and SweetWater Financials

**Latest quarter annualized as of 08/31/20**

- **CAD$650 – 675**
- **CAD$65 – 70**

Note: please refer to additional detail provided in press release dated 11/04/20.
Retail sales of Craft Beer in the U.S. have sustained high-single digit annual growth in the past 5 years.

The U.S. Craft Beer industry was estimated at $29 billion in 2019.

Growth is primarily driven by its quality, greater attention to detail, and wider variety of flavors than traditional beers.

Demand in Craft Beer is expected to remain high as consumers continue to demonstrate interest in new and innovative beer varieties.

Total Craft Beer sales now account for more than 25% of the $116 billion U.S. beer market.

Source: Brewers Association (2019).
SweetWater is a US producer and distributor of craft beers, which was founded in 1997 by Freddy Bensch and is headquartered in Atlanta, GA.

SweetWater has become one of the most widely recognized craft breweries in the US, with early success in Georgia leading the Company to become the dominant craft brewer in the Southeast.

- 10th largest independent craft brewer in the US based on off-premise sales
- 420 Strain G13 IPA became the top new craft brand in the US in the first 12 months after its launch

Beginning with the flagship 420 offering, SweetWater has created an award-winning lineup of year-round, seasonal and specialty beers.

SweetWater has cultivated a reputation for innovation, staying at the forefront of the industry and current with craft and consumer trends.

The Company hosts an annual music festival “SweetWater 420 Fest” that has evolved into one of the largest and most anticipated music festivals in the country, increasing brand awareness nationwide.
SweetWater's 420 brand family and SweetWater420 Fest complement Aphria’s cannabis business and create mutual opportunities for accelerated expansion into other cannabis and beverage related products in the U.S. and Canada.

**SweetWater's 420 Brand Family**
- SweetWater's various “420 Strains” of craft brews use terpenes and natural hemp flavors
- #2 best selling beer (420 Strain G13 IPA)
- #1 best selling new craft beer in the U.S. (420 Strain G13 IPA)

**SweetWater420 Fest**
- There is no other brewery or beer brand that delivers an experience like SweetWater 420 Fest
SWEETWATER BREWING COMPANY OVERVIEW:

SWEETWATER 420 FEST

OYSTERHEAD
TREY ANASTASIO BAND
GARY CLARK JR.
JOE RUSSO’S ALMOST DEAD
LAKE STREET DIVE
THE FLOOZIES
DR. DOG
THE MARCUS KING BAND
LARKIN POE
DELTA RAE
FUNK YOU

Happy Ending

TICKETS ON SALE AT SWEETWATER420FEST.COM

aphria inc.
SWEETWATER 420 STRAIN

FOR RECREATIONAL USE ONLY

G13 IPA

420 STRAIN: G13 IPA
The first strain in a new line of beers featuring a heady marriage of dank hops, strainspecific terpenes & natural hemp flavor.
VISION FOR APHRIA & SWEETWATER

The combination will position Aphria to build brand awareness of its adult-use cannabis brands in the U.S. by leveraging SweetWater’s manufacturing and distribution infrastructure

✓ Accelerates Aphria’s brand-building in the U.S. market ahead of federal legalization

✓ Further expand into the rapidly growing hard seltzer market with the SweetWater brand

✓ Key partnerships with leading U.S. distributors, retailers and on-premise customers

✓ Leverage SweetWater’s innovation, knowledge and expertise to introduce Aphria’s brands via craft beers and other beverages including non-alcoholic products

✓ Enter the Canadian beverage alcohol sector to distribute and sell SweetWater’s 420 brand
ROBUST INFRASTRUCTURE IN THE UNITED STATES

✓ 158,000 square foot principal offices in Atlanta, Georgia, including state-of-the-art brewery and integrated restaurant and live music venue

✓ Bottling and canning lines capable of packaging 23.5 million gallons of bottles annually and kegging capacity of 1.5 million kegs annually

✓ For the year ended December 31, 2019, SweetWater production volume increased 7% year-over-year to nearly 261,000 barrels, twice the growth rate of the craft beer market nationally, according to Brewers Association

✓ Strong distribution across 27 states plus Washington, D.C., and ample capacity to support distribution efforts into new geographies, with limited capital expenditure

✓ SweetWater beverages are available in approximately 29,000 off-premise retail locations ranging from independent bottle shops to national chains; SweetWater’s significant on-premises business allows consumers to enjoy its varietals in more than 10,000 restaurants and bars

✓ In addition to its traditional distribution footprint, SweetWater 420 Extra Pale Ale and IPA are served on all Delta flights nationwide plus internationally totaling more than 50 countries across six continents which has served to extend SweetWater’s brand reach on both a national and international level