



Aphria reports 19% growth in quarterly revenue

Quarterly EBITDA exceeds \$1 million

2nd consecutive quarter of positive cash flow from operating activities

<http://www.marketwired.com/press-release/aphria-reports-19-growth-in-quarterly-revenue-tsx-venture-aph-2187668.htm>

Leamington, Ontario – January 11, 2017 – Aphria Inc. (“Aphria” or the “Company”) (TSX-V: APH or USOTCQB: APHQF) today reported its second quarter results, for the three months ended November 30, 2016. All amounts are expressed in Canadian dollars.

Q2-2017		Q2-2016
\$ 5,226,589	Revenue	\$ 2,096,975
\$ 4,121,008	Gross profit	\$ 1,309,254
\$ 4,046,740	Adjusted gross profit	\$ 1,391,504
77.4%	Adjusted gross margin	68.6%
\$ 945,678	Earnings (loss) before tax	\$ (431,098)
\$ 1,198,620	EBITDA	\$ 4,108

Q2-2017		Q1-2017
639.0	Kilograms (or kilogram equivalents) sold	585.2
\$ 5,226,589	Revenue	\$ 4,375,512
\$ 1,198,620	EBITDA	\$ 1,054,269
\$ 1.31	Cash cost to produce / gram	\$ 1.23
\$ 1.85	“All-in” cost of goods sold / gram	\$ 1.80
\$ 98,614,981	Cash and cash equivalents on hand	\$ 53,452,414
\$ 102,438,357	Working capital	\$ 56,513,651
\$ 5,029,872	Investment in capital and intangible assets	\$ 7,529,688

Business highlights

- Fourth consecutive quarter of profitability
- Over \$2.2 million of year-to-date EBITDA
- Announcement of branding and supply agreement with Toyko Smoke
- Announcement of supply agreement with PhytoPain Pharma Inc. for clinical trials
- Closure of bought deal financing generating approximately \$37,200,000 net
- Commencement of Part III expansion (200,000 additional square feet of growing space)
- Announcement of IP Transfer Agreement with Copperstate Farms, LLC in Arizona
- Announcement of investment in Copperstate Farms Investors, LLC, parent of Copperstate Farms, LLC

Financial highlights

For the fourth consecutive quarter, the Company reported profitability. In the last four quarters, the Company reported income before tax of \$3,720, \$102,164, \$895,269 and \$945,678, respectively. The increased pre-tax profitability is attributed



to strong growth in the average selling price per kilogram (or kilogram equivalent) and very strong new patient registrations in the quarter.

The Company continued to report strong EBITDA levels, growing 13% in the quarter to \$1,198,620. This is the Company's second consecutive quarter with EBITDA greater than \$1 million. The EBITDA growth reflects the Company's continued focus on low cost producer status and industry leading patient care, quarter over quarter.

Revenue for the three months ended November 30, 2016 was \$5,226,589, representing a 19.5% increase over the prior quarter's revenue of \$4,375,512. The increase in revenue for the quarter was primarily a result of increased average selling price per gram (or gram equivalents) sold.

Adjusted gross profit for the first quarter was \$4,046,740 with an adjusted gross margin of 77.4%, generated from both retail and wholesale shipments of medical cannabis. The increase in the adjusted gross margin from the prior quarter is consistent with our revenue growth per gram.

Net income for the three months ended November 30, 2016 was \$945,678 or \$0.01 per share as opposed to a net loss of \$431,098 or \$0.01 per share in the same quarter in the previous year and an income before tax of \$895,269 or \$0.01 per share in the previous quarter.

EBITDA for the second quarter was \$1,198,620, compared to an EBITDA of \$4,108 in the same period of the prior year and EBITDA of \$1,054,269 in the previous quarter.

"I am most proud of the best-in-class and sustainable successes delivered by Aphria," said Vic Neufeld, Chief Executive Officer. "First public LP to report consecutive positive quarterly operating results. First public LP to report consecutive quarters with net profits. First public LP to licence its cultivation intellectual property. Diversification with non-cultivation assets. Low cost producer status. The best customer service, as determined by Lift. Health Canada approval process for Part II expansion under way. Significant progression on Part III expansion. Cash on hand to pay for Part II & Part III expansions. Oil sales growing to over 10% of revenue. 100 employees and growing. Diversification into Arizona and the United States. Our primary focus continues to be building a strong, diversified and profitable market leader for our shareholders. Clearly, Aphria continues to outperform."

We have A Good Thing Growing.

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. We are the first public licenced producer to report positive cash flow from operations and the first to report positive earnings in consecutive quarters. For more information, visit www.Aphria.com.

For further information please contact:

Vic Neufeld
President & CEO
1-844-427-4742

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looking statements are often identified by terms such as “may”, “should”, “anticipate”, “expect”, “potential”, “believe”, “intend” or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements with respect to internal expectations, estimated margins, expectations for future growing capacity and costs, the completion of any capital project or expansions, any commentary related to the legalization of marijuana and the timing related thereto, expectations of Health Canada approvals and expectations with respect to future production costs. Forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving medical marijuana; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the medical marijuana industry in Canada generally, income tax and regulatory matters; the ability of Aphria to implement its business strategies; competition; crop failure; currency and interest rate fluctuations and other risks.

Readers are cautioned that the foregoing list is not exhaustive. 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 materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Neither the TSX Venture Exchange (the “Exchange”) nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.