



Ayr Strategies Provides Business Update

*Remains Adjusted EBITDA Positive April to Date and 2020 Year to Date
Successfully Pivots Business in Nevada and Massachusetts*

Toronto, Ontario, April 22, 2020 – Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRSF) (“Ayr”), a vertically-integrated cannabis multi-state operator (MSO) with a presence in the western and eastern U.S., is providing an update on the company’s operations in response to ongoing COVID-19 developments. Unless otherwise noted, all results are presented in U.S. dollars.

“Despite regulators putting material restrictions on cannabis sales in both Massachusetts and Nevada in response to COVID-19, in the last 30 days, we have pivoted our businesses and continue to produce positive adjusted EBITDA for the month of April to date, adding to the already strong cash position on our balance sheet,” said Ayr CEO Jon Sandelman.

Nevada

“Our business in Nevada continued to generate positive adjusted EBITDA following the COVID-19 regulatory restrictions applied to cannabis businesses in the state,” continued Sandelman. “We have built what we believe to be the largest cannabis delivery network in Nevada, deploying more than 50 delivery vehicles, completing up to 1,200 daily deliveries with average tickets of up to \$139 (versus \$61 average ticket pre-COVID). We are seeing 40% average weekly revenue growth, achieving daily sales of up to \$169k at gross margins 20 percentage points higher than pre-COVID levels. We project that by achieving \$190k in daily sales, we would reach our pre-COVID adjusted EBITDA level for the state.”

Nevada Key Metrics

- Positive adjusted EBITDA for April to date and 2020 year to date
- Completing up to 1,200 delivery transactions per day with more than 50 delivery vehicles
- Average ticket as high as \$139 since implementing delivery model, up from \$61 pre-COVID
- Weekly average revenue growth over 40% since the start of home delivery
- Gross margins expanded 20 percentage points from pre-COVID levels
- Achieved daily revenues as high as \$169k, and at \$190k in daily revenue, expected to reach pre-COVID adjusted EBITDA levels

“Now that our delivery business is in great shape, we are actively preparing for the day when our stores reopen – potentially with curbside pickup and drive-through options, and we expect to continue providing delivery services given the attractive economics. We believe there may be a shift in purchasing behavior throughout the country as customers utilize these alternative methods to buy cannabis, and we will be prepared to serve our customers in the manner they wish to shop.”



Massachusetts

Sandelman continued: “In Massachusetts, our dispensary revenues are up 40% from pre-COVID levels, with average ticket sizes increasing from \$140 pre-COVID to up to \$225 per transaction today. We are pioneering new ways to serve our customers, offering home delivery to the greater Boston area as of yesterday, in addition to being the only dispensary in greater Boston to implement curbside pick-up.

“Beyond our retail business, our cultivation and production business remains very strong. Since mid-March, we have had two successful harvests in our new 19,000 ft² cultivation facility, and our total annual cultivation capacity sits at 20,000 lbs. We believe demand for Massachusetts cannabis will be substantial when quarantines are lifted in the state, and with our expanded cultivation capacity we are in an excellent position to benefit from that demand.”

Massachusetts Key Metrics

- Average ticket as high as \$225, up from \$140 pre-COVID
- Daily dispensary revenues up nearly 40% versus pre-COVID levels
- The only dispensary in greater Boston to offer curbside pickup
- Offering home delivery to the greater Boston area, materially expanding our dispensary reach
- Two successful harvests from recently completed 19,000 ft² cultivation expansion, bringing annual cultivation capacity in Massachusetts to 20,000 lbs

Non-IFRS Measures

The Company reports certain non-IFRS measures that are used to evaluate the performance of its businesses and the performance of their respective segments, as well as to manage their capital structures. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measure.

The Company references non-IFRS measures and cannabis industry metrics in this document and elsewhere. Non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these are provided as additional information to complement those IFRS measures by providing further understanding of the results of the operations of the Company from management’s perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company’s financial information reported under IFRS. Non-IFRS measures used to analyze the performance of the Company’s businesses include “Adjusted EBITDA” and “Adjusted Gross Profit”.

For a reconciliation of Adjusted EBITDA to IFRS measures please see our MD&A for the 3 months and year ended December 31, 2019.



Forward-looking statements

Certain information contained in this news release may be forward-looking statements within the meaning of applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as “target”, “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “outlook”, “intend”, “plan”, “seek”, “will”, “may” and “should” and similar expressions or words suggesting future outcomes. This news release includes forward-looking information and statements pertaining to, among other things, Ayr’s future growth plans. Numerous risks and uncertainties could cause the actual events and results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: the impact of the COVID-19 virus; anticipated strategic, operational and competitive benefits may not be realized; events or series of events may cause business interruptions; required regulatory approvals may not be obtained; acquisitions may not be able to be completed on satisfactory terms or at all; and Ayr may not be able to raise additional capital. Among other things, Ayr has assumed that its businesses will operate as anticipated, that it will be able to complete acquisitions on reasonable terms, and that all required regulatory approvals will be obtained on satisfactory terms and within expected time frames.

About Ayr Strategies

Ayr Strategies (“Ayr”) is an expanding vertically integrated, U.S. multi-state cannabis operator, focusing on high-growth markets. With anchor operations in Massachusetts and Nevada, the company cultivates and manufactures branded cannabis products for distribution through its network of retail outlets and through third-party stores. Ayr strives to enrich and enliven consumers’ experience every day – helping them to live their best lives, elevated.

Ayr’s leadership team brings proven expertise in growing successful businesses through disciplined operational and financial management, and is committed to driving positive impact for customers, employees and the communities they touch. For more information, please visit www.ayrstrategies.com.

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