

Ayr Strategies Highlights Gains from Nevada Curbside Pick-Up

Company Sees Improved Outlook for Nevada Operations Nevada Run-Rate Adjusted EBITDA Back to Pre-COVID Levels

Toronto, Ontario, May 5, 2020 – Vertically-integrated cannabis multi-state operator (MSO), Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRSF) (“Ayr”), is providing an update on the evolving regulatory response to COVID-19. Unless otherwise noted, all results are presented in U.S. dollars.

“As the regulatory response to COVID-19 continues to evolve, we are pleased to have positive developments to share regarding our business in Nevada,” said Ayr CEO Jon Sandelman. “The introduction of curbside pick-up on May 1st has enabled daily revenue run rates that allow us to reach our pre-COVID adjusted EBITDA levels. This is a huge milestone, and adds to the already strong cash position on our balance sheet.

“In the first four days of curbside pick-up, our Nevada dispensaries fulfilled over 5,700 curbside orders. Since curbside commenced on Friday, May 1st, the pace of weekly revenue growth has increased to 45% from the 40% we experienced in April. Our flexible technology has allowed for seamless deployment, with average daily sales increasing to more than \$200k with 2,000 daily transactions between delivery and pick-up.

“Customers clearly prefer pick-up to delivery – we’ve seen our mix shift to two-thirds or more at curbside since the start of the month. Curbside has the added benefit of being significantly more scalable with lower operating expenses than delivery. For comparison, we have the ability to fulfill five times as many orders per hour at pick-up compared to the volumes we’re able to achieve through delivery.”

Sandelman continued: “We previously estimated that by achieving \$190k in daily sales we would reach our pre-COVID adjusted EBITDA level for the state, and with curbside we are pacing comfortably at or above those levels, given we are already averaging more than \$200k. Our team continues to adapt to the changing business landscape incredibly well, keeping our customers, our team and our community safe while providing the vital wellness products our clients need.”

Nevada Curbside Metrics

- Run rate adjusted EBITDA now at pre-COVID levels for Nevada
- Daily sales averaging more than \$200k with curbside pick-up, with 2,000 average daily transactions
- Currently two thirds of daily transactions are fulfilled at curbside
- Average tickets remain elevated, most recently \$133 for delivery and \$88 for curbside
- Curbside is significantly more scalable than delivery, with the ability to fulfill five times as many orders per hour at pick-up compared to delivery

“In late April we began preparing for our stores to reopen – including the potential for curbside pick-up,” said Sandelman. “We foresaw potential for a shift in purchasing behavior for buying cannabis, and we

are pleased that our advance preparations have put us in an advantageous position to capitalize on this dynamic environment.”

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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