



Ayr Strategies Enters into Agreements to Expand Operations to Fourth State with Strategic Acquisitions in Ohio; Deepens Pennsylvania Presence

Acquisitions Further Position Ayr to Become a Top-Tier MSO

October 1, 2020 – Ayr Strategies (CSE: AYR.A, OTCQX: AYRSF, “Ayr” or “the Company”), a leading vertically integrated cannabis multi-state operator, today announced the addition of cultivation and processing facilities in Ohio, expanding the Company’s presence to four key states. Ayr also announced the addition of a grower-processor in Pennsylvania, deepening its presence in that market. Including these pending transactions, Ayr will have operations in Massachusetts, Nevada, Pennsylvania, and Ohio.

“These transactions and our expanded presence in four key cannabis markets places Ayr squarely among the top multi-state operators in the U.S., and enables us to generate significant value for our shareholders,” said Jon Sandelman, Chairman and Chief Executive Officer of Ayr. “We look forward to further expanding our presence in Pennsylvania and into Ohio – two robust cannabis markets poised for significant growth.”

In Ohio, Ayr has reached agreements, described in more detail below, to acquire and/or manage cultivation and processing facilities. In Pennsylvania, Ayr has agreed to acquire a cultivating and processing facility, which follows the Company’s initial expansion into Pennsylvania, announced in August, where Ayr announced a transaction to acquire the rights to develop six retail dispensaries throughout the state and a significant cultivation and production campus.

Following the closings of the announced acquisitions in Ohio and Pennsylvania, Ayr will have access to a population of approximately 35 million people across four states. In total, the Company will have seven operating dispensaries, nine additional dispensary licenses, and approximately 160,000 ft² of cultivation and processing space, with the ability to expand to over 460,000 ft².

Mr. Sandelman continued, “Our strategy has always been to go deep in the best markets, targeting attractive assets in limited-license states with large populations, where we can build a vertically integrated presence and have a significant edge. We intend to bring the same operational excellence we have produced in Massachusetts and Nevada to the Ohio and Pennsylvania markets and continue adding to our deep talent pool.

“Today’s announcements represent the next step in the disciplined and targeted expansion of our footprint. But – as we mentioned in our second quarter earnings report last month – we are just getting started.”

Ayr has estimated the total value of today’s announced transactions at US\$39 million, including \$26.9 million of cash, \$2.1 million in stock and \$10.0 million in seller notes. The acquisitions are subject to final due diligence, customary closing conditions and regulatory approvals.



Transaction Highlights

Ohio

Ayr has signed a definitive purchase agreement for an operational processing facility and has an agreed non-binding term sheet regarding exclusive management rights over a level 1 cultivation license (the largest canopy license in the state) in Ohio, a growing and undersupplied market. These are the first steps toward establishing a vertically integrated operation in the state.

The cultivation facility of approximately 58,000 ft² is under construction and the approximately 9,000 ft² processing facility is fully operational. Consideration for the two transactions totals US\$18.2 million, including \$10.2 million of cash and \$8.0 million in convertible seller notes. Following the closing and completion of the initial phase of the level 1 cultivation facility build-out, Ayr has the flexibility to further expand canopy subject to the approval of the Ohio Department of Commerce.

Pennsylvania

Ayr has signed a definitive purchase agreement to add to its portfolio a leading grower-processor in the Commonwealth of Pennsylvania. The 38,400 ft² cultivation and extraction facility is approved as operational and has the capacity to expand to 74,000 ft². Total consideration of US\$20.8 million includes \$16.7 million of cash, \$2.1 million in stock and \$2.0 million in seller notes.

About Ayr Strategies Inc.

Ayr Strategies (“Ayr”) is an expanding vertically integrated, U.S. multi-state cannabis operator, focusing on high-growth markets. 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 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.

Company Contact:

Megan Kulick, Head of Investor Relations

T: (646) 977-7914

Email: IR@ayrstrategies.com

Investor Relations Contact:

Sean Mansouri, CFA or Cody Slach

Gateway Investor Relations

T: (949) 574-3860

Email: IR@ayrstrategies.com