



Ayr Strategies Announces Upsizing of Previously Announced 12.5% Senior Secured Notes Offering; Completes Incentive Exercise of Three Million Warrants

Total Gross Proceeds in Excess of US\$135 Million

Toronto, Ontario, December 9, 2020 – Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRWF) (“Ayr” or the “Company”), a leading vertically integrated cannabis multi-state operator, is pleased to announce that, due to strong demand, it has increased the size of its previously announced offering of 12.5% Senior Secured Notes (the “Notes”), from US\$75 million to US\$110 million. Additionally, it has completed an oversubscribed incentive cash exercise of three million of the Company’s share purchase warrants, resulting in gross proceeds to the Company of over US\$25 million. In aggregate this week, following closing of the debt offering, the Company will have raised gross proceeds of over \$135 million.

“This is an unprecedented time for Ayr. We are in the excellent position of being one of the few MSOs for whom capital is readily available, which is a major strategic advantage for us as we expand and grow. We were very pleased with the reception in the market for our corporate credit. Our premier debt offering, which was upsized nearly 50% from our initial size of \$75 million due to substantial demand, combined with the proceeds from our in-the-money warrants and the cash we generate every day from operations, give us a war chest of over US\$150 million in cash on our balance sheet. Our announced M&A pipeline is fully financed and we are in a great position to continue to invest in our current operations while we explore other opportunities for expansion,” said Jonathan Sandelman, Ayr’s CEO.

The Senior Notes:

The Notes will pay interest of 12.5% per annum, payable semi-annually, with a maturity 48 months from closing. The offering is being led by Canaccord Genuity Corp. and is expected to close on or about December 10, 2020.

The Notes will also contain certain covenants and restrictions on Ayr’s business, including restrictions on the incurrence of debt, asset sales and dividends and other distributions. The Notes are to be secured by a first-priority security interest in specified assets of Ayr and certain of its subsidiaries. As previously announced, Ayr intends to use the proceeds from the issuance of the Notes, in addition to cash from the proceeds of in-the-money warrant exercise and cash from operations, to fund capital expenditures and the cash portion of pending and potential future acquisitions.

The closing of the Offering will be subject to certain conditions being satisfied, including, but not limited to, the receipt of all necessary approvals and the absence of material adverse changes.

The Warrant Exercise:

On November 23rd, Ayr offered warrant holders a temporary C\$0.50 incentive for the cash exercise of up to three million warrants, resulting in gross proceeds to the Company of over US\$25 million. Over six million of the total approximately 14 million outstanding warrants were exercised under the incentive plan. Warrants exercised under the inducement were pro-rated and unexercised Warrants and surplus cash will be returned to the exercising holders by the Warrant Agent by within five business days.



The share purchase warrants exercised were issued pursuant to a Warrant Agency Agreement dated December 21, 2017, between the Company and Odyssey Trust Company, as warrant agent (the “**Warrant Agent**”), as amended (the “**Warrant Agency Agreement**”).

Following the completion of the Warrant incentive program, as well as other open market exercises that have occurred since September 30, 2020, the Company’s current subordinated share count is 23.9 million and 11 million share purchase warrants remain outstanding.

In total, including the US\$25 million raised in the inducement and US\$16 million exercised in the open market, warrants have contributed over US\$40 million to Ayr’s balance sheet to date thus far in Q4.

Note Regarding Trading of AYRWF on the OTCQX:

On December 4, 2020, Ayr began trading in the US under a new symbol, “AYRWF.” This change is the result of an administrative issue at FINRA that caused the unexpected retirement of the former ticker symbol and temporary suspension of trading on the OTCQX. The most effective and immediate remedy to the situation was for the Company to establish a new symbol to prevent further delay in trading. The Company’s shares returned to quotation on the OTCQX® Best Market exchange earlier today. There is no action required by shareholders. Throughout this period, the Company’s shares have traded without disruption on the CSE under the ticker “AYR.A” and will continue to do so going forward.

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”, “would”, “estimate”, “goal”, “outlook”, “intend”, “plan”, “seek”, “will”, “may”, “tracking”, “pacing” 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: anticipated strategic, operational and competitive benefits may not be realized; events or series of events, including in connection with COVID-19, 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 debt or equity 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. In particular, there can be no assurance that we will complete the pending acquisitions in or enter into agreements with respect to other acquisitions.

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