



## **Ayr Strategies Enters into Agreements to Expand Footprint with Strategic Acquisitions in Florida and New Jersey**

*Acquisitions Position Ayr as a Top-Tier MSO, Reaching 73 Million People Across Seven States  
Ayr Management to Host Conference Call Today at 8:45 a.m. Eastern Time*

**Toronto, Ontario, December 22, 2020** – Ayr Strategies (CSE: AYR.A, OTCQX: AYRWF, “Ayr” or “the Company”), a leading vertically integrated cannabis multi-state operator, today announced the proposed acquisition of Liberty Health Sciences (CSE: LHS, OTC: LHSIF, “Liberty”), a vertically integrated operator in Florida, in a stock-for-stock transaction valued at \$290 million. Additionally, Ayr announced the proposed acquisition of the membership interests in GSD NJ LLC (“GSD”), a licensed operator in New Jersey, for upfront consideration totaling \$101 million. Including these and other pending transactions, Ayr will have operations in seven states covering 73 million people, which include four adult-use markets and three medical markets.

“Today’s announcements represent a transformational next step for Ayr as a leading multi-state operator in the U.S.,” said Jonathan Sandelman, Chairman and Chief Executive Officer of Ayr Strategies. “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. New Jersey will be a leading force in adult-use legalization in 2021, and we look forward to working with the regulators to ensure a safe and robust roll-out of the adult-use program. Florida has one of the country’s most robust and rapidly growing medical programs, and we are acquiring one of the largest operators in terms of store count.

“2021 will be a year of material growth for Ayr in the adult-use market. In Massachusetts, Ayr is already a market leader in wholesale and medical sales and will open three adult-use stores in the under-served Greater Boston area in 2021. Two of our newest states – New Jersey and Arizona – will roll out adult-use for the first time, and Ayr is excited to help lead that transition.”

Mr. Sandelman continued, “Our assets are the most productive in the industry, and we intend to bring this same operational excellence to Florida and New Jersey. We see an incredible opportunity to elevate Liberty’s cultivation, product selection and dispensary experience to the level of quality, productivity, selection and service we have consistently achieved in our existing markets with the deep bench of talent and know-how we already have in place. We are thrilled that our disciplined and targeted approach to expansion has enabled us to build this terrific footprint from a position of strength, with a team that consistently demonstrates operational excellence and great support from our debt and equity investors.”

### **Transaction Highlights**

#### *Florida*

Ayr has signed a definitive agreement to acquire Liberty Health Sciences (CSE: LHS, OTC: LHSIF) in a stock-for-stock combination that will take the form of a Plan of Arrangement under the Business Corporations Act (British Columbia). Liberty shareholders will receive 0.03683 Ayr shares for each Liberty share held<sup>1</sup>, equating to approximately 13.1 million new Ayr shares. Total purchase price is equivalent to ~US\$290

million based on the closing price of Ayr shares as of December 21, 2020. Liberty will have the right to nominate one new member to the Ayr Board of Directors at closing, increasing Ayr's total number of board members to seven.

The assets being acquired from Liberty include a 387-acre cultivation campus in Gainesville, FL with over 300,000 sq. ft. of current production facilities in operation; 28 open retail dispensaries, seven completed and ready-to-open dispensaries, and seven dispensaries currently under construction. Liberty currently employs 335 people, all of whom are expected to be retained by Ayr.

Total consideration paid of approximately \$290 million represents a forward multiple of approximately 4.8x 2022 estimated adjusted EBITDA<sup>2</sup>. Ayr plans to spend approximately \$15 million in capital expenditures in 2021 to improve and expand the Gainesville cultivation campus, as well as expand Liberty's dispensary footprint.

The Liberty acquisition is subject to customary closing conditions, regulatory approvals, including HSR review, Liberty shareholder approval and court approval of the Plan of Arrangement. Shareholders holding approximately 29% of Liberty's common shares have agreed to support and vote in favor of the proposed transaction.

Dorsey & Whitney LLP and Stikeman Elliott LLP acted as legal advisors to Ayr. Canaccord Genuity Corp. acted as a financial advisor to Ayr and provided a fairness opinion to the board of directors of Ayr.

#### *New Jersey*

Ayr has signed a binding agreement to acquire licensed operator Garden State Dispensary (GSD), one of the 12 existing vertical license holders in the State of New Jersey and one of the state's original six alternative treatment centers (ATCs). GSD has three open dispensaries, the largest footprint of any operator, at heavily trafficked highway locations throughout the central region of the state, as well as 30,000 sq. ft. of cultivation and production facilities in operation. An additional 75,000 sq. ft. is currently under construction. GSD currently employs 110 people, all of whom are expected to be retained by Ayr.

Total up-front consideration of \$101 million includes \$41 million in cash, \$30 million in stock and \$30 million in the form of a promissory note. Earn-outs based on exceeding revenue target thresholds in 2022 will be capped at a maximum of \$97 million and payable in a combination of cash, promissory notes and exchangeable shares. Including the maximum earn-out consideration, the Company estimates this represents a forward multiple of approximately 4x 2022 adjusted EBITDA<sup>2</sup>.

The GSD acquisition is subject to final due diligence, customary closing conditions and regulatory approvals.

#### **Conference Call**

Ayr CEO Jonathan Sandelman, COO Jennifer Drake and CFO Brad Asher will host the conference call, followed by a question and answer period to discuss today's announced transactions. A presentation summarizing today's transactions will be posted on the investor section of the Company's website at [www.ir.ayrstrategies.com](http://www.ir.ayrstrategies.com).

Conference Call Date: Tuesday, December 22, 2020

Time: 8:45 a.m. Eastern time  
Toll-free dial-in number: (800) 319-4610  
International dial-in number: (604) 638-5340

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at (949) 574-3860.

The conference call will be broadcast live and available for replay here:

<https://www.gowebcasting.com/11040>.

A telephonic replay of the conference call will also be available through January 22, 2021.

Toll-free replay number: (855)-669-9658  
International replay number: (412) 317-0088  
Replay ID: 5857

<sup>1</sup>Subject to certain collars described in the purchase agreement that will be filed on SEDAR.

<sup>2</sup>Adjusted EBITDA based on Company estimates; "Adjusted EBITDA" represents income (loss) from operations, as reported, before interest and tax, adjusted to exclude non-recurring items, other non-cash items, including stock-based compensation expense, depreciation and amortization, the adjustments for the accounting of the fair value of biological assets, and further adjusted to remove acquisition related costs.

### **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.

Estimates and assumptions involve known and unknown risks and uncertainties that may cause actual results to differ materially. While Ayr believes there is a reasonable basis for these assumptions, such estimates may not be met. These estimates represent forward-looking information. Actual results may vary and differ materially from the estimates.



### **Assumptions**

Forward-looking information in this subject to the assumptions and risks as described in our MD&A for September 30, 2020. For more information about the Company's 2020 operations and outlook, please view Ayr's corporate presentation posted in the Investors section of the Company's website at [www.ir.ayrstrategies.com](http://www.ir.ayrstrategies.com). As well, we remind you that adjusted EBITDA is a non-IFRS measure. Additional reconciliations and other disclosures concerning non-IFRS measures is provided in our MD&A for the three and nine months ended September 30, 2020.

### **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.ir.ayrstrategies.com](http://www.ir.ayrstrategies.com).

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