



Ayr Strategies Moves to Definitive Merger Agreement with Blue Camo, LLC (Arizona)

Expected Closing in Late March

Toronto, Ontario, January 27, 2021— Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRWF) (“Ayr” or the “Company”), a leading vertically integrated cannabis multi-state operator, has signed a Definitive Agreement to acquire the membership interests of Blue Camo, LLC, following the previously announced Letter of Intent.

As announced on November 4, 2020, Ayr intends to purchase 100% of the membership interests of Blue Camo, LLC, a vertically integrated operation in Arizona. Key operations include three Oasis-branded dispensaries in the greater Phoenix area, a 10,000 ft² triple-stacked cultivation and processing facility in Chandler and an 80,000 ft² cultivation facility under development in Phoenix.

“Arizona has been a terrific medical market, third in the U.S. in terms of patient penetration at over 3.8% and currently generating approximately \$1 billion in annual revenue¹. Last week, the Arizona Department of Public Health began approving applications for adult-use sales. Thus far, approximately 90 locations have been approved, including the three Oasis-branded dispensaries that we will be acquiring. Oasis’ adult-use sales commenced on Monday, January 25th to a large crowd of excited customers waiting to experience first-hand the end of cannabis prohibition in Arizona. We are thrilled to see the state move quickly to make safe, tested and regulated cannabis available for adult-use following the overwhelming support it received at the ballot box in November,” said Jonathan Sandelman, Chairman and Chief Executive Officer of Ayr. “We look forward to working with the regulators and team of over 110 people in Arizona to ensure a successful roll out of recreational sales in Arizona.”

The terms of the transaction include upfront consideration of \$75.4 million, made up of \$9.5 million in cash, \$37.4 million in stock (approximately 2.57 million shares priced at 10-day VWAP prior to announcement) and \$28.5 million in seller notes. An additional 2 million shares will be placed in escrow and will be released upon the achievement of established production targets at the new cultivation facility.

Additional earn-out consideration in 2021 and 2022 may be paid in shares exchangeable into subordinate voting shares of Ayr, priced at the then 10-day VWAP, with the earnout value calculated based on a set discount to Ayr’s then trading enterprise value to Adjusted EBITDA multiple and based on exceeding Adjusted EBITDA hurdles in each year.

The acquisition is subject to certain closing conditions and regulatory approvals.

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

¹ Viridian Capital Advisors, 1/25/21.



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.

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.ayrstrategies.com. As well, we remind you that adjusted EBITDA is a non-IFRS measure. Additional reconciliations and other disclosures concerning non-IFRS measures will be 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.ayrstrategies.com.

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