



Ayr Wellness Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(EXPRESSED IN UNITED STATES DOLLARS)

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Ayr Wellness Inc. ("Ayr", "the Company", "we", "our" or "us") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2022 and 2021. This discussion should be read in conjunction with the Company's Quarterly Report which contains the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, and 2021 (the "interim financial statements"). Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The interim financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of Canadian securities regulators and the United States Securities Exchange Commission ("SEC"). Further information about the Company and its operations can be obtained on ir.ayrwellness.com, sec.gov, and www.sedar.com. The information contained on such websites are not a part of, nor are they incorporated by reference into, this Quarterly Report (or the equivalent thereof).

The effective date of this MD&A is August 17, 2022.

Overview of the Company

Ayr Wellness Inc. is a national cannabis consumer packaged goods company and retailer. Founded in 2019 and headquartered in Miami, Florida, the Company is focused on delivering the highest quality cannabis products and customer experience throughout its footprint. As of June 30, 2022, the Company has operations in eight U.S. markets and employs roughly 2,375 people. The Company, through its subsidiaries and affiliates, holds, operates, and manages licenses and permits in the States of Arizona, Florida, Massachusetts, Nevada, New Jersey, Ohio, Pennsylvania, and Illinois.

The Company's strategy is to vertically integrate through the consolidation of cultivating, producing, distributing, and dispensing cannabis brands and products at scale. The Company's portfolio of consumer-packaged goods brands includes Kynd, Origyn Extracts, Levia, STiX Preroll Co., Secret Orchard, Lost in Translation and Entourage, among others. The Company distributes and markets its products to Ayr-owned retail stores and to third-party licensed retail cannabis stores throughout Ayr's operating footprint.

The Company owns and operates a chain of cannabis retail stores under brand names including AYR, Liberty Health Sciences, and The Dispensary. Ayr owns stores under other names, primarily where stores acquired still retain their pre-acquisition branding, though the Company intends to unify its retail footprint under the AYR retail brand name over time. The income of Ayr's retail stores derives primarily from the sale of cannabis products, with an immaterial portion of income resulting from the sale of other merchandise (such as cannabis accessories). As of June 30, 2022, Ayr operates 72 retail stores, located across Ayr's portfolio.

Cautionary Note Regarding Forward-Looking Information

Certain statements in this MD&A are forward-looking statements within the meaning of applicable securities laws, including, but not limited to, those statements relating to the Company and their financial capacity and availability of capital and other statements that are not historical facts. These statements are based upon certain material factors, assumptions, and analyses that were applied in drawing a conclusion or making a forecast or projection, including experience of the Company, as applicable, and perception of historical trends, current conditions, and expected future developments, as well as other factors that are believed to be reasonable in the circumstances. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, and outlook of the Company. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the parties' control, could affect operations, business, financial condition, performance, and results of the parties that may be expressed or implied by such forward-looking statements and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, the following:

- the extent of the impact of COVID-19, including government and/or regulatory responses to the outbreak;
- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of U.S. state and federal law to U.S. cannabis products and the scope of any regulations by the U.S. Food and Drug Administration, the U.S. Drug Enforcement Administration, the U.S. Federal Trade Commission, the U.S. Patent and Trademark Office, the U.S. Department of Agriculture and any state equivalent regulatory agencies over U.S. cannabis products;
- climate change impacting economic factors such as prices and supply chain disruption, as well as governmental response through laws or regulations regarding greenhouse gas emissions;
- assumptions and expectations described in the Company's critical accounting policies and estimates;
- changes in U.S. generally accepted accounting principles or their interpretation and the adoption and impact of certain accounting pronouncements;
- the number of users of cannabis or the size of the regulated cannabis market in the United States;
- the potential time frame for the implementation of legislation to legalize and regulate medical or adult-use cannabis (and the consumer products derived from each of the foregoing) in the United States, and the potential form the legislation and regulations will take;
- the Company's future financial and operating performance and anticipated profitability;
- future performance, results and terms of strategic initiatives, strategic agreements, and supply agreements;
- the market for the Company's current and proposed products and services, as well as the Company's ability to capture market share;
- the benefits and applications of the Company's products and services and expected sales thereof;
- development of affiliated brands, product diversification and future corporate development;
- anticipated investment in and results of research and development;

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

- inventory and production capacity, including discussions of plans or potential for expansion of capacity at existing or new facilities;
- future expenditures, strategic investments, and capital activities;
- the competitive landscape in which the Company operates and the Company's market expertise;
- the Company's ability to comply with its debt covenants;
- the Company's ability to secure further equity or debt financing, if required;
- consistent or increasing pricing of various cannabis products;
- the level of demand for cannabis products, including the Company's and third-party products sold by the Company;
- the Company's ability to mitigate risks relating to the cannabis industry, the larger economy such as inflation or fluctuation in interest rates, breaches of and unauthorized access to the Company's systems and related cybersecurity risks, money laundering, costly litigation, and health pandemics;
- the ability to gain appropriate regulatory approvals for announced acquisitions in the timeframe anticipated;
- the application for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for;
- the rollout of new dispensaries, including the number of planned dispensaries to be opened in the future and the timing and location in respect of the same, and related forecasts;
- the Company's ability to hit anticipated development targets of cultivation and production projects;
- the ability to successfully integrate and maintain employees from recent acquisitions;
- the ability to develop the Company's brand and meet growth objectives;
- the risk related to limited market data and difficulty to forecast results;
- the concentrated voting control of the Company;
- market volatility and the risks associated with selling of a substantial amount of Equity Shares;
- product liability claims related to the products the Company cultivates, produces, and sells; and
- other events or conditions that may occur in the future.

In making these statements, in addition to those described above and elsewhere herein, the parties have made assumptions with respect to expected cash provided by continuing operations, future capital expenditures, including the amount and nature thereof, trends and developments in the industry, business strategy and outlook, expansion and growth of business and operations, accounting policies, credit risks, anticipated acquisitions, opportunities available to or pursued by the parties, and other matters.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Management's Definition and Reconciliation of Non-GAAP Measures

Management reports certain non-GAAP measures that are used to evaluate the performance of such businesses as well as to manage their capital structure. As non-GAAP measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Securities regulations require such measures to be clearly defined and reconciled with their most directly comparable GAAP measure.

The Company references non-GAAP measures, including cannabis industry metrics, in this document and elsewhere. These are provided as additional information to complement those GAAP 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 GAAP. Non-GAAP measures used to analyze the performance of the Company include adjusted earnings before interest, tax, depreciation, and amortization ("Adjusted EBITDA") and "Adjusted Gross Profit".

The Company believes that these non-GAAP financial measures may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. These financial measures are intended to highlight trends in the Company's core businesses that may not otherwise be apparent when solely relying on the GAAP measures.

Adjusted EBITDA

"Adjusted EBITDA" represents (loss) income from operations, as reported under GAAP, before interest and tax, adjusted to exclude other adjustments associated with non-core costs, other non-cash items, including depreciation and amortization, and further adjusted to remove non-cash stock-based compensation, the accounting for the incremental costs to acquire cannabis inventory in a business combination, acquisition related costs, start-up costs and the gain on sale of assets.

Adjusted Gross Profit

"Adjusted Gross Profit" represents gross profit, as reported, adjusted to exclude other adjustments associated with non-core costs, the accounting for the incremental costs to acquire cannabis inventory in a business combination, interest, depreciation and amortization, and start-up costs.

Reconciliations are provided elsewhere in this MD&A.

Forward-Looking Financial Projections or Targets

Based on the results to date coupled with an uncertain macroeconomic backdrop, management is updating their assumptions underlying its previously issued guidance.

The Company expects Revenue, Adjusted EBITDA, and Operating Income to grow approximately 10% sequentially from Q2 2022 to Q3 2022, and expects a significant acceleration in the pace of sequential growth in Q4 2022. This guidance assumes further price compression in the wholesale and retail market of approximately 5-10% for select markets.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Ayr has also assumed that business and economic conditions will continue substantially in the ordinary course, including, without limitation, with respect to general economic and industry conditions, competition, regulations (including those in respect of the cannabis industry), weather, taxes, that there will be no new pandemics or substantially worsened pandemics or other material outbreaks of disease or safety issues or material recalls required, and that there will be no unplanned material changes in facilities, equipment, or customer and employee relations.

Review of the Financial Results for the Three and Six Months Ended June 30, 2022, and 2021

Adjusted EBITDA Reconciliation for the Three and Six Months Ended June 30, 2022, and 2021

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Loss from operations (GAAP)	(24,797)	(24,881)	(45,923)	(33,249)
Non-cash items accounting for inventory				
Incremental costs to acquire cannabis inventory in a business combination	3,212	26,596	5,731	32,388
Interest (within cost of goods sold "COGS")	772	213	1,252	457
Depreciation and amortization (from statement of cash flows)	22,570	14,587	43,810	22,064
Acquisition costs	2,722	1,284	4,173	4,422
Stock-based compensation, non-cash	9,727	7,152	20,088	15,376
Start-up costs ¹	3,862	1,350	6,511	2,973
Other ²	3,576	1,122	5,499	1,408
Gain on sale of assets	(2,000)	-	(2,000)	-
	41,229	25,708	79,333	46,700
Adjusted EBITDA (non-GAAP)	19,644	27,423	39,141	45,839

Notes:

¹ Costs to prepare a location for its intended use, including facilities not yet operating at scale. Start-up costs are expensed as incurred and are not indicative of ongoing operations.

² Other non-core costs including non-operating adjustments and non-cash inventory write-downs

Adjusted Gross Profit Reconciliation for the Three and Six Months Ended June 30, 2022, and 2021

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Gross profit (GAAP)	40,295	22,313	85,813	46,779
Incremental costs to acquire cannabis inventory in a business combination	3,212	26,596	5,731	32,388
Interest (within COGS)	772	213	1,252	457
Depreciation and amortization (within COGS)	8,574	3,600	16,172	6,100
Start-up costs (within COGS)	1,154	400	2,133	1,600
Other (within COGS)	3,215	-	4,052	-
Adjusted Gross Profit (non-GAAP)	57,222	53,122	115,153	87,324

Unaudited Interim Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2022, and 2021

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Revenues, net of discounts	110,131	91,251	221,356	149,650
Cost of goods sold excluding fair value items	(66,624)	(42,342)	(129,812)	(70,483)
Incremental costs to acquire cannabis inventory in a business combination	(3,212)	(26,596)	(5,731)	(32,388)
Gross profit	40,295	22,313	85,813	46,779
Total operating expenses	(65,092)	(47,194)	(131,736)	(80,028)
Loss from operations	(24,797)	(24,881)	(45,923)	(33,249)
Total other income (expense)	(5,762)	8,789	17,478	5,516
Loss before income taxes and noncontrolling interests	(30,559)	(16,092)	(28,445)	(27,733)
Provision for income taxes	(9,690)	(4,646)	(20,997)	(9,627)

Net loss before noncontrolling interest	(40,249)	(20,738)	(49,442)	(37,360)
Net loss attributable to noncontrolling interest	(1,892)	-	(3,508)	-
Net loss attributable to Ayr Wellness Inc.	<u>(38,357)</u>	<u>(20,738)</u>	<u>(45,934)</u>	<u>(37,360)</u>

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Revenues, net of discounts

Revenues, net of discounts for the three months ended June 30, 2022, and 2021, was \$110.1 million and \$91.3 million, respectively, increasing \$18.8 million or 21%. Revenues increased due to Ayr's expansion that occurred throughout 2021 and 2022 including the addition of two new states, Illinois, and New Jersey, through the acquisition of Herbal Remedies and GSD. Additionally, the Company added two new dispensaries from the Herbal Remedies acquisition, eleven new dispensaries in Florida and began sales at its Arizona cultivation facility during the second quarter of 2022.

Revenues, net of discounts for the six months ended June 30, 2022, and 2021, was \$221.4 million and \$149.7 million, respectively, increasing \$71.7 million or 48%. Revenues increased due to Ayr's expansion that occurred throughout 2021 and 2022, including the addition of five new states: Florida, Arizona, Ohio, New Jersey, and Illinois.

Gross Profit

Gross profit for the three months ended June 30, 2022, and 2021, was \$40.3 million and \$22.3 million, respectively, an increase of \$18 million or 81%. Gross profit percentage for the three months ended June 30, 2022, and 2021, was 37% and 24%, respectively. Gross profit for the six months ended June 30, 2022, and 2021, was \$85.8 million and \$46.8 million, an increase of \$39 million or 83%. Gross profit percentage for the six months ended June 30, 2022, and 2021, was 39% and 31%, respectively.

The increase in gross profit was directly attributable to the expansion into new states and synergies obtained from acquisitions.

Adjusted Gross Profit (non-GAAP) for the three months ended June 30, 2022, and 2021, was \$57.2 million and \$53.1 million, respectively, increasing \$4.1 million or 8%. Adjusted gross profit percentage (non-GAAP) for the three months ended June 30, 2022, and 2021, was 52% and 58%, respectively.

Adjusted Gross Profit (non-GAAP) for the six months ended June 30, 2022, and 2021, was \$115.2 million and \$87.3 million, respectively, increasing \$27.9 million or 32%. Adjusted gross profit percentage (non-GAAP) for the six months ended June 30, 2022, and 2021, was 52% and 58%, respectively.

The increase in Adjusted Gross Profit was directly attributable to the revenue increase as described above. The decrease in Adjusted Gross Profit percentage was due to a decrease in wholesale revenues as well as the impact of pricing compression in competitive markets.

Total Operating Expenses

Total operating expenses for the three months ended June 30, 2022, and 2021, were \$65.1 million and \$47.2 million, respectively, increasing \$17.9 million or 38%. The majority of the increase in operating expense was due to an increase in selling, general and administrative expenses of \$15.5 million.

Total operating expenses for the six months ended June 30, 2022, and 2021, were \$131.7 million and \$80.0 million, respectively, increasing \$51.7 million or 65%. The increase in operating expense was due to an increase in selling, general and administrative expenses and depreciation and amortization of \$42.3 million and \$11.7 million, respectively.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

The increase in general and administrative expenses was primarily driven by the expansion to new markets, including a 42% increase in store count, and Ayr's continued investment in talent and infrastructure. The increase to depreciation and amortization expense was driven by the acquisition of cannabis licenses, which are classified as intangible assets and investment in capital expenditures, which are classified as property, plant, and equipment. Both are amortized over their estimated useful lives.

Total operating expenses as a percent of revenue during the three months ended June 30, 2022, and 2021, were 59% and 52%, respectively. Total operating expenses as a percent of revenues during the six months ended June 30, 2022, and 2021, were 60% and 53%, respectively. The change during the periods ended was due to an increase in selling, general, and administrative expenses as a percent of revenues of 8% and 6%, respectively.

Total Other Income (Expense)

Total other income (expense) for the three months ended June 30, 2022, and 2021, was (\$5.8) million and \$8.8 million, respectively. Total other income (expense) for the six months ended June 30, 2022, and 2021, was \$17.5 million and \$5.5 million, respectively. The decrease for the three-month period was primarily driven by the \$10.4 million change in the fair value relating to contingent consideration and by the \$3.7 million in interest expense primarily related to the senior secured notes. The increase for the six-month period was primarily driven by the \$20.2 million change in the fair value relating to contingent consideration. The other income (expense) was offset by the decrease in interest expense of \$7.8 million primarily related to the senior secured notes.

Income Tax

Income tax expense is recognized based on the expected tax payable on the taxable income for the period and the deferred tax, using tax rates enacted at year-end. The deferred tax benefit is mainly driven by changes in the amortization of intangibles.

As the Company operates in the cannabis industry, it is subject to the limitations of the United States Internal Revenue Code Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. Therefore, Ayr can have income tax even when it records a net loss.

The Company's quarterly tax provision is calculated under the discrete method which treats the interim period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The Company believes, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method due to the high degree of uncertainty in estimating annual pre-tax income due to the early growth stage of the business.

Total income tax expense for the three months ended June 30, 2022, and 2021, was \$9.7 million and \$4.6 million, respectively. The current tax expense was \$10.8 million and \$8.8 million, respectively, for the three months ended June 30, 2022, and 2021. The increase in current tax expense was driven by an increase in gross profit over the respective periods. The deferred tax benefit was \$1.1 million and \$4.1 million, respectively, for the three months ended June 30, 2022, and 2021.

Total income tax expense for the six months ended June 30, 2022, and 2021, was \$21.0 million and \$9.6 million, respectively. The current tax expense was \$21.7 million and \$15.8 million, respectively, for the six months ended June 30, 2022, and 2021. The increase in current tax expense was driven by an increase in gross profit over the respective periods. The deferred tax benefit was \$0.7 million and \$6.2 million, respectively, for the six months ended June 30, 2022, and 2021.

Net Loss attributable to Ayr Wellness Inc.

Net loss for the three months ended June 30, 2022, and 2021, was \$38.4 million and \$20.7 million, respectively. Net loss for the six months ended June 30, 2022, and 2021, was \$45.9 million and \$37.4 million, respectively. The increases were primarily driven by the factors described above.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Liquidity and Capital Resources

Selected Liquidity and Capital Resource Information

<i>(In thousands)</i>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	\$	\$
Cash	116,743	154,342
Total current assets	238,932	266,067
Total assets	1,935,712	1,859,912
Total current liabilities	108,967	152,336
Total long-term liabilities	810,850	687,513
Total liabilities	919,817	839,849
Total shareholders' equity	1,015,895	1,020,063

As of June 30, 2022, the Company had cash of \$116.7 million, other current assets of \$122.2 million, current liabilities of \$109.0 million and working capital of \$130.0 million compared to December 31, 2021, which had cash of \$154.3 million, other current assets of \$111.8 million, current liabilities of \$152.3 million, and working capital of \$113.8 million. The overall increase in net working capital is primarily due to the payment of contingent consideration for PA Natural of \$39.0 million and an increase in inventory of \$13.0 million. This was partially offset by a decrease in cash of \$37.6 million.

Summary of Future Commitments

<i>(In thousands)</i>							
Year	Operating Leases	Finance Leases	Debt	Construction Finance	Contingent Consideration	Total	
2022	\$ 13,470	\$ 5,419	\$ 5,084	\$ 1,395	\$ -	\$	25,368
2023	27,247	10,410	24,980	2,839	4,779	\$	70,255
2024	26,894	8,938	359,446	2,924	116,628	\$	514,830
2025	26,423	3,277	33,282	3,012	-	\$	65,994
2026	25,759	2,003	1,874	3,102	-	\$	32,738
Thereafter:	251,196	10,290	29,885	27,779	-	\$	319,150
Total Commitments	\$ 370,989	\$ 40,337	\$ 454,551	\$ 41,051	\$ 121,407	\$	1,028,335

Selected Cash Flow Information

<i>(In thousands)</i>	Six Months Ended	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	\$	\$
Net cash used in operating activities	(34,872)	(22,414)
Net cash used in investing activities	(47,591)	(69,806)
Net cash (used in) provided by financing activities	44,864	88,820
Net (decrease) increase in cash	(37,598)	(3,400)
Cash, beginning of period	154,342	127,237
Cash, end of period	116,743	123,837

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Operating Activities

Net cash used in operating activities during the six months ended June 30, 2022, and 2021, was (\$34.9) million and (\$22.4) million, respectively, an increase of \$12.5 million. The increase was driven by an increase in net loss of \$12.1 million (primarily driven by the change in the fair value of financial liabilities) and an increase in interest paid on senior secured notes \$12.7 million. This is offset by the change in inventory of \$13.0 million.

Investing Activities

Net cash used in investing activities during the six months ended June 30, 2022, and 2021 was (\$47.6) million and (\$69.8) million, respectively, a decrease of \$22.2 million. The decrease was primarily due to the proceeds from the sale of assets of \$27.6 million. This was offset by an increase in capitalized interest of \$7.4 million.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2022, and 2021, was \$44.9 million and \$88.8 million, respectively, a decrease of \$44.0 million. The decrease in net cash related to financing activities was primarily due to a decrease in proceeds from financing of \$38.7 million, payments for contingent consideration, debts payable and lease liabilities of \$15.3 million, and the repurchase of equity shares of \$8.4 million. This was offset by the decrease in tax withholding on stock-based compensation of \$24.4 million.

Capital Management

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and to execute its operating and strategic plans while managing healthy liquidity reserves and access to capital. The Company is generating cash from sales and deploying its capital resources to develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital resources are expected to be used for capital expenditures and improvements to existing facilities, marketing, and product development.

The Company raises capital through issuance of debt, or equity, as necessary, to meet its needs and take advantage of perceived opportunities however there can be no assurance that the Company will be able to continue raising capital in this manner. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities.

Given the current economic uncertainty, the Company has taken additional measures to optimize the balance sheet and capital deployment process.

Share Capital

As of June 30, 2022, and December 31, 2021, the Company had share capital of \$1,324.2 million and \$1,289.8 million, respectively, consisting of additional paid-in capital.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Outstanding Shares

Issued and Outstanding	June 30, 2022	December 31, 2021
<i>(in thousands)</i>		
Multiple Voting Shares	3,696	3,696
Subordinate Voting Shares	17,436	15,150
Restricted Voting Shares	13,739	11,454
Limited Voting Shares	27,472	29,733
Exchangeable Shares	7,142	7,368
Treasury Stock	(645)	(568)
Total number of shares	68,840	66,833

As of June 30, 2022, the Company had 2.9 million Equity Shares issuable upon the exercise of Warrants, 7.7 million restricted Exchangeable Share units, of which 1.3 million are market and performance based, and 0.17 million Equity Shares issuable upon the exercise of options. As of December 31, 2021, the Company had 2.9 million Equity Shares issuable upon the exercise of Warrants, 8.1 million restricted Exchangeable Share units, of which 1.3 million are market and performance based, and 0.20 million Equity Shares issuable upon the exercise of rights reserved for issuance.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements, with the exception of the definitive agreements and term sheets referenced in Note 15 in the audited consolidated financial statements for the year ended December 31, 2021 ("Audited Financial Statements"), that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

See Note 10 in the interim financial statements for the Company's disclosures on related party transactions.

Significant Accounting Judgments and Estimates

See Note 3.4 in the interim financial statements for the Company's accounting policies regarding *Significant Accounting Judgments and Estimates*.

Recent Accounting Pronouncements

See Note 3.5 in the interim financial statements for the Company's action on recent accounting pronouncements.

Proposed Transactions

See Note 15 in the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2021, included in the Company's Annual Report on the Form 40-F for definitive agreements and term sheets the Company entered into.

Ayr Wellness Inc.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2022 and 2021

Risk Factors

Please refer to the Company's final base shelf prospectus dated February 24, 2021, the Company's management information circular dated May 26, 2022, and the Company's Annual Information Form dated March 30, 2022, for information on the risk factors to which the Company is subject. In addition, see "Cautionary Note Regarding Forward-Looking Information" above.

Financial Instruments, Financial Risk Management and Other Instruments

The Company does not utilize financial instruments such as derivatives to manage financial risks. See Note 16 in the interim financial statements for the Company's financial instruments, financial risks factors, and other instruments.

The Company is exposed to liquidity and interest rate risk. The Company's management oversees the management of these risks. The Company's management is supported by the members of the board that advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured, and managed in accordance with Company policies and risk appetite.

FORM 52-109FV2

CERTIFICATION OF INTERIM FILINGS

VENTURE ISSUER BASIC CERTIFICATE

I, Brad Asher, Chief Financial Officer, Ayr Wellness Inc., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Ayr Wellness Inc. (the "issuer") for the interim period ended June 30, 2022.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: August 17, 2022

/s/ Brad Asher

Brad Asher

Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2

CERTIFICATION OF INTERIM FILINGS

VENTURE ISSUER BASIC CERTIFICATE

I, Jonathan Sandelman, Chief Executive Officer, Ayr Wellness Inc., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Ayr Wellness Inc. (the "issuer") for the interim period ended June 30, 2022.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: August 17, 2022

/s/ Jonathan Sandelman

Jonathan Sandelman
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.
