September 24, 2019

Ayr Strategies Announces 5% Share Buyback, the Maximum Allowed for CSE Listed Companies; Raises Midpoint of 2019 Forecast and Reaffirms 2020 Outlook

Provides August 2019 Operational Update

- ***Ayr Announces Stock Repurchase Program with Capacity of 5% of Outstanding Subordinate Voting Shares ("SVS"), the Maximum Amount Allowed for CSE Listed Companies***
- ***Ayr Raises Midpoint of 2019 Forecast, Reaffirms 2020 Outlook***

	2019 (post QT annualized)		2020
	Prior Range	Revised Range	
Revenue	US$110 - US$130 million	US$120 - US$130 million	US$225 - US$245 million
Adjusted EBITDA	US$30 - US$40 million	US$35 - US$40 million	US$105 - US$115 million

- ***Ayr Continues to Produce Strong Organic Growth in Anchor Portfolio***

TORONTO, Sept. 24, 2019 (GLOBE NEWSWIRE) -- Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRSF) ("Ayr" or the "Company"), a vertically-integrated cannabis multi-state operator (MSO) with a presence in the western and eastern U.S., today announces it has authorized a stock repurchase program for up to the maximum repurchase amount allowed in a 12-month period for CSE listed companies, equal to 5% of the Company's outstanding Subordinate Voting Shares ("SVS").

Jonathan Sandelman, CEO of Ayr, commented: "The trajectory of our business has built considerable momentum over the course of the third quarter. The strength of our operating performance gives us the confidence to increase the midpoint of our 2019 forecast. Additionally, our solid cash flow generation profile allows us added flexibility to opportunistically repurchase our stock at extremely attractive levels while still delivering on our prior commitments to shareholders, namely generating strong organic growth and expanding our geographic footprint through acquisitions."

The maximum number of shares able to be repurchased over the next 12 months totals 725,892 SVS, and will be funded with cash flow generated from operations, which is estimated to average approximately US$1.7 million per month in 2019. The repurchase program is eligible to commence on October 1, 2019.

“Other exchanges allow for up to 10% of shares to be repurchased under similar programs, and given the highly attractive valuation of Ayr stock today, management would have supported a larger buyback authorization had it been possible as a CSE listed stock,” continued Mr. Sandelman. “We believe repurchasing our shares represents one of the most attractive buying opportunities in the cannabis sector today, and this announcement reinforces our commitment to driving shareholder value.

“The share repurchase program will in no way interfere with our short-term, medium-term or long-term goals as a company. We are delivering on our stated plans for strong organic growth, and our capex programs in Nevada and Massachusetts are fully funded from cash on hand. Moreover, we continue to be active in discussions regarding multiple forms of business combinations in order to expand our footprint.”

August 2019 Operational Update: *Solid Organic Growth Since Ayr Acquisition*

- Total preliminary revenue for the month of August was US$11.5 million compared to US$10.6 million in July and US$8.8 million in June, versus a pre-acquisition monthly average of US$7.9 million in the first quarter of 2019.
- August preliminary Adjusted EBITDA levels are pacing 30% above the pre-acquisition monthly average Adjusted EBITDA in Q1.
- Daily transactions increased 4% to over 4,300 in August compared to 4,200 in July 2019 and a pre-acquisition monthly average of approximately 3,000 in the first quarter of 2019.
- In Nevada, Ayr increased revenue from house brands in its most productive dispensaries to 17% of sales in August 2019, up from 10% of sales in July 2019 and less than 3% in the first quarter of 2019. The Company is well on track to meet its goal of sourcing more than 50% by Q2 2020.
- Massachusetts wholesale preliminary revenue of $2.5 million exceeded target, and the Company continues to capture new wholesale accounts as more dispensaries open and have high demand for product.
- The Massachusetts cultivation facility expansion, taking cultivation canopy from 13,000 square feet to 32,000 square feet, is on track for Q4 completion.
- The Nevada cultivation facility expansion, taking cultivation canopy from 14,000 square feet to 31,000 square feet, began construction in August.

2019 & 2020 Outlook

Based on the strong Q3 performance to date, Ayr is increasing the midpoint of 2019 revenue and Adjusted EBITDA forecasts, and is reiterating confidence in 2020 guidance.

	2019 (post QT annualized)		2020
	Prior Range	Revised Range	
Revenue	US$110 - US$130 million	US$120 - US$130 million	US$225 - US$245 million
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These targets, and the related 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 targets, such targets may not be met. These targets represent forward-looking information. Actual results may vary and differ materially from the targets. See “Forward-Looking Statements” and “Assumptions” below.

Interim Financial Results

Certain financial information reported in this news release, for seasonality and other reasons, may not be representative of annualized full year results. Monthly results in the first quarter of 2019 represent historical results of the acquired businesses under their prior ownership structure. As well, Q3 figures included in this news release are preliminary and subject to change.

Definition and Reconciliation of Non-IFRS Measures

The Company reports certain non-IFRS measures that are used to evaluate the performance of such businesses and the performance of their respective segments, as well as to manage their capital structure. As non-IFRS 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 IFRS measure.

The Company references non-IFRS measures and cannabis industry metrics in this document and elsewhere. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these are provided as additional information to complement those IFRS 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 IFRS. Non-IFRS measures used to analyze the performance of the Target Businesses include "Adjusted EBITDA".

The Company believes that these non-IFRS financial measures provide meaningful supplemental information regarding the Company's performances and 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 provide investors with supplemental measures of the Company's operating performances and thus highlight trends in the Company's core businesses that may not otherwise be apparent when solely relying on the IFRS measures.

Adjusted EBITDA
"Adjusted EBITDA" represents income (loss) from operations, as reported, before interest, tax, and adjusted to exclude extraordinary items, non-recurring items, other non-cash items, including stock based compensation expense, depreciation, and the non-cash effects of accounting for biological assets and inventories, and further adjusted to remove acquisition related costs.

A reconciliation of how Ayr calculates Adjusted EBITDA and reconciles it to IFRS figures is provided in its management's discussion and analysis as at and for the three and six months ended June 30, 2019.

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”, “estimate”, “goal”, “intend”, “plan”, “seek”, “will”, “may” 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, information relating to the commencement, termination and manner of the stock repurchase program, future developments in connection with the stock repurchase program, funding of the stock repurchase program, and the Company’s intention to repurchase SVS from the Company’s shareholders. 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 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 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.

Assumptions

On July 12, 2019, Ayr provided updated financial guidance for 2019 reflecting the impact, in particular, of the delayed closing of Ayr’s qualifying transaction and of the lengthened process for municipal approval of conversion from medical to recreational status for Ayr’s Massachusetts-based dispensaries. Reflecting these factors, as well as other changes to assumptions in the normal course of business, Ayr established new targets for anchor portfolio revenue and Adjusted EBITDA as set forth in the table above. Today, we are reaffirming that guidance.

In developing the guidance set forth above, Ayr made the following assumptions and relied on the following factors and considerations:

- The targets are based on discussions with the management teams of the Target Businesses and their historical results, particularly in respect of 2019 year to date results.
- The targets are subject to the completion of in place cultivation and product facility expansion and improvement plans anticipated to come online in 2019 and 2020, and the relocation of one dispensary.
- Revenue growth assumptions at established recreational dispensaries depend on a variety of factors, including among other things, location and degree of seasoning as a recreational dispensary, and average to 7% growth year over year from 2019 to 2020.
- Revenue growth assumptions for dispensaries and wholesale activities in markets transitioning from medical status to recreational status are based on anticipated production capacity available from a vertically-integrated supply chain, with capacity not taken up in dispensary sales available for wholesale. These assumptions include current production levels at cultivation and production facilities, plus production capacity in process of construction and planning, starting from target completion dates. Prices are projected forward at recently realized medical and recreational wholesale and retail prices.

- Cost of goods sold, before taking into account the impact of value changes in biological assets (which are non-cash in nature, and, accordingly, are excluded from calculations of Adjusted EBITDA), have been projected based on estimated costs of production and capacity available from a vertically-integrated supply chain. Cost of goods sold relating to inventory purchased from third parties have been projected in line with historical levels.
- Selling, general and administrative expenses at the state level are assumed to increase in dollar terms year over year, but to decrease as a percentage of revenues due to inherent scalability of selling, general and administrative expenses. Additionally, total selling, general and administrative expenses include an allocation for corporate overhead and public company costs.

About Ayr Strategies Inc.

Ayr is a vertically integrated multi-state operator in the U.S. cannabis sector, with an initial anchor portfolio in Massachusetts and Nevada. Through its operating companies, Ayr is a leading cultivator, manufacturer and retailer of cannabis products and branded cannabis packaged goods. Ayr seeks to create regional clusters in core geographies for future expansion, while pursuing strong organic growth within its existing portfolio. For more information, please visit www.ayrstrategies.com.

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