August 8, 2019

Ayr Strategies Announces the Filing of its Business Acquisition Report

TORONTO, Aug. 08, 2019 (GLOBE NEWSWIRE) -- Ayr Strategies Inc. (NEO:AYR.A, OTCQX:AYRSF) ("Ayr" or the Company), a vertically-integrated cannabis multi-state operator (MSO) with a portfolio of companies in the western and eastern U.S., has filed its Business Acquisition Report on SEDAR (www.sedar.com) related to the May 24, 2019 acquisition of the businesses of Washoe Wellness, LLC ("Washoe"), The Canopy NV, LLC ("Canopy"), Sira Naturals, Inc. ("Sira"), LivFree Wellness, LLC ("LivFree") and CannaPunch of Nevada LLC ("CannaPunch" and together with Washoe, Canopy, Sira and LivFree, the "Acquired Businesses").

The Business Acquisition Report contains:

1. Audited annual financial statements for the Acquired Businesses, for the years ended December 31, 2018 and 2017;
2. Unaudited interim financial statements of the Acquired Businesses for the three-month periods ended March 31, 2019 and 2018;
3. Pro forma financial statements of the combined businesses for the year ended December 31, 2018 and the three months ended March 31, 2019, presented as if the businesses had been combined with Ayr as of January 1, 2018; and
4. A reconciliation of pro forma Adjusted EBITDA for the twelve months ended December 31, 2018 and the three months ended March 31, 2019.

Highlights of the Business Acquisition Report include Pro Forma Consolidated Revenue[1], Pro Forma Total Anchor Portfolio Adjusted EBITDA, and Pro Forma Total Anchor Portfolio Net Income from Operations of US$70.9 million (C$91.9 million)[2], US$23.5 million (C$30.5 million)[2], and US$5.6 million (C$7.3 million)[2] for the year ended December 31, 2018, respectively, and Pro Forma Consolidated Revenue1, Pro Forma Total Anchor Portfolio Adjusted EBITDA, and Pro Forma Total Anchor Portfolio Net Income from Operations of US$23.7 million (C$31.5 million)[2], US$9.1 million (C$12.1 million)[2] and US$7.9 million (C$10.5 million)[2] for the three months ended March 31, 2019, respectively.

"We are pleased to provide our investors with the increased transparency included in today's Business Acquisition Report. The solid Revenue and Adjusted EBITDA generated by our business, as well as the strong sequential growth over 2018 and into 2019, demonstrate the high-quality nature of our operations and the potential for growth going forward," said Jonathan Sandelman, CEO of Ayr. "We are excited to increase the pace of this growth through the remainder of 2019 and into 2020 via high return-on-investment expansion projects and through vertical integration."

[1] Excludes intercompany sales within the anchor portfolio that are eliminated on consolidation.
[2] Assumes average CAD/USD exchange rate of 0.7718 for the year ended December 31, 2018 and average CAD/USD exchange rate of 0.7522 for the three months ended March 31, 2019, respectively.

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 five 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 ir.ayr.inc.

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.

As noted above, a reconciliation of how Ayr calculates Adjusted EBITDA and reconciles it to IFRS figures, based on figures derived from the financial statements of Ayr and the respective Target Businesses, is provided in the Business Acquisition Report.

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. 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.

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