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Ayr Strategies Provides Latest Update in Response to COVID-19 Developments

TORONTO, March 26, 2020 (GLOBE NEWSWIRE) -- Ayr Strategies Inc. (CSE: AYR.A, OTCQX: AYRSF) ("Ayr"), a vertically-integrated cannabis multi-state operator (MSO) with a presence in the western and eastern U.S., is providing an update on the company's operations in response to recent COVID-19 developments.

"Our cultivation, manufacturing and retail businesses have been deemed essential services in each state where we operate," said Ayr CEO Jonathan Sandelman. "This designation allows us to continue meeting the needs of our customers, which have only increased in response to COVID-19. As the current environment evolves daily, our operational teams are expanding business practices to ensure we are appropriately responding and serving the vital health and wellness needs of our customers.

"Ayr's Nevada stores remain open for both medical and adult-use customers via delivery, which is a very attractive fulfillment model for us. In Massachusetts, our stores remain open for medical patients, with adult-use sales suspended for the two weeks from March 24th through April 7th.

"All market data and anecdotal indications we have seen demonstrate that patients and consumers want cannabis more than ever. Our team remains committed to meeting our patients' health and wellness needs as they cope with heightened anxiety, insomnia and other factors resulting from the COVID-19 pandemic."

Nevada

Speaking on Ayr's Nevada operations, Sandelman commented: "In Nevada, we have delivery licenses in Clark County (Las Vegas area) and Washoe County (Reno area), and one of only three licenses in Henderson, Nevada's second largest city. This provides us with the ability to deliver to customers anywhere within these regions.

"We also have the necessary logistics and systems in place to support our transition to delivery. This week, we have secured over 35 vehicles to expedite our delivery program, and we aim to transfer as many of our 250 dispensary employees as possible to new roles supporting this business. On the back-end, we have implemented fulfillment software to convert our online ordering system to a delivery portal. Our e-commerce technology is being enhanced to allow maximum operational flexibility and to be in complete control of our logistics. Additionally, we are maintaining our relationship with Blackbird, Nevada's largest delivery service, which will continue to fulfill a portion of our deliveries.

“The delivery business model is powerful. Our average ticket size of delivery orders has been more than double the average ticket within our brick and mortar stores. Although it is still early, through our tiered delivery options—which allow customers to access lower fees and minimum purchase sizes for advance orders versus premium same day deliveries—we have the potential to generate significant revenue on an attractive cost base given the strong consumer demand. We also believe we can tailor our product mix to favor internally sourced items and further increase delivery margins. As a result, we may retain delivery as a key component of our Nevada operations even after our dispensaries reopen.”

Massachusetts

Sandelman continued: “In addition to the state designating medical cannabis as an essential service, Massachusetts regulators have accelerated access to medical cards, as many patients stopped renewing their cards after recreational sales began. To expand our patients’ access to the products they need, we have extended a program offering discounts of up to 50% off the cost of medical cards.

“Medical dispensaries across the state, including ours, have seen sales increase throughout March as a result of increased patient demand. Average ticket sizes in our dispensaries have increased 30% relative to the average ticket in January and February.

“We believe consumer demand will only increase when the pause in recreational sales expires on April 7th, as we anticipate the potential for significant pent-up demand to come back into the market. In the meantime, we have shifted our wholesale focus to medical dispensaries that may not have sufficient supply to meet the rapid increase in medical demand. As an extension of this priority, we are in the process of requesting expedited approval for a delivery license out of our Somerville dispensary, which would help us further ensure that our products can reach our patients.

“From a product standpoint, our expanded Massachusetts cultivation capacity, ‘M2,’ had its first harvest in mid-March. Product from M2 is expected to be ready for market a few weeks after the expected resumption of recreational cannabis sales in April. Should recreational sales remain suspended for a longer period, our cannabis flower can be stored for 12 months or more under appropriate conditions, and even longer for extracted products.

“The response by patients in Massachusetts gives us an even more positive outlook for our business in the state beyond current COVID-19 conditions. We are working to meet the state’s robust consumer demand within our current constraints, and we are proud of our team’s dedication to expanding the accessibility of our products.”

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”, “outlook”, “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: the impact of the COVID-19 virus; 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.

About Ayr Strategies

Ayr Strategies (“Ayr”) is an expanding vertically integrated, U.S. multi-state cannabis operator, focusing on high-growth markets. With anchor operations in Massachusetts and Nevada, 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 and enliven 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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