March 29, 2021

Ayr Wellness Moves to Definitive Agreement to Acquire Garden State Dispensary (New Jersey)

Expected Closing in Third Quarter 2021

TORONTO, March 29, 2021 (GLOBE NEWSWIRE) -- Ayr Wellness Inc. (CSE: AYR.A, OTCQX: AYRWF) ("Ayr," "Ayr Wellness," "we," "us," "our," or the "Company"), a vertically-integrated cannabis multi-state operator (MSO), has entered into a Definitive Agreement (the "Purchase Agreement") with GSD NJ, LLC, a licensed operator in New Jersey doing business as Garden State Dispensary ("GSD"), following the Letter of Intent previously announced on December 22, 2020.

Pursuant to the Purchase Agreement, Ayr will purchase 100% of the equity interests of GSD, one of the 12 existing vertical license holders in the State of New Jersey and one of the state's original six alternative treatment centers (ATCs). GSD has three open dispensaries, the largest retail footprint of any operator, at heavily trafficked highway locations throughout the central region of the state, as well as a 30,000 sq. ft. facility that houses the existing cultivation and production facilities in operation. An additional 75,000 sq. ft. is currently under construction. GSD currently employs 110 people, all of whom are expected to be retained by Ayr.

"With its recent adoption of adult-use, New Jersey will be a leading force in the Northeast cannabis market. We look forward to serving the Garden State's medical cannabis patients and working with the regulators to ensure a safe and robust roll-out of the adult-use program. We see an incredible opportunity to drive growth at retail with the introduction of our quality cannabis brands, expanded product offerings and exceptional in-store experience. Additionally, we see an excellent opportunity for wholesale growth given our planned cultivation expansion and past success at driving wholesale penetration in supply-constrained markets," said Jonathan Sandelman, Chairman and Chief Executive Officer of Ayr.

Total consideration pursuant to the Purchase Agreement of $101 million includes $41 million in cash, $30 million in stock and $30 million in the form of promissory notes. Earnout payments pursuant to the Purchase Agreement, based on exceeding certain target revenue thresholds following closing, will be capped at a maximum of $96.75 million and payable in a combination of cash, promissory notes and exchangeable shares. Including the maximum earnout consideration, the Company estimates this represents a forward multiple of approximately 4x 2022 adjusted EBITDA.

The acquisition is subject to customary closing conditions and regulatory approvals. The transaction is expected to close in the third quarter of 2021.

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 business interruptions; required regulatory approvals may not be obtained; acquisitions may not be able to be completed on satisfactory terms or at all; the completion and success of the new New Jersey cultivation facility; and Ayr may not be able to raise additional debt or equity capital if required. Among other things, Ayr has assumed that its businesses will operate as anticipated, that it will be able to complete acquisitions on reasonable terms, that the new New Jersey cultivation facility will be completed on time and on budget and will be successful, 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 all 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 December 31, 2020. For more information about the Company, please view Ayr’s corporate presentation posted in the Investors section of the Company’s website at www.ayrwellness.com. As well, we remind you that adjusted EBITDA is a non-IFRS measure. Additional reconciliations and other disclosures concerning non-IFRS measures is provided in our MD&A for the year ended December 31, 2020.

About Ayr Wellness Inc.

Ayr is an expanding vertically integrated, U.S. multi-state cannabis operator, focused on delivering the highest quality cannabis products and customer experience throughout its footprint. Based on the belief that everything starts with the quality of the plant, the Company is focused on superior cultivation to grow superior branded cannabis products. Ayr strives to enrich consumers’ experience every day through the wellness and wonder of cannabis.

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.ayrwellness.com.

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