



NEWS RELEASE

YSS CORP. ANNOUNCES STRATEGIC LICENSING AGREEMENT AND ACQUISITION OF CALL RIGHT WITH SWEET TREE MODERN APOTHECARY LTD.

CALGARY, ALBERTA, June 13, 2019 – YSS Corp.™ (the “**Company**” or “**YSS**”) (TSXV: YSS) (WKN: A2PLQ7) is pleased to announce that effective as of today, YSS entered into a definitive agreement and closed the acquisition of a call right on all of the voting shares of Sweet Tree Modern Apothecary Ltd. (“**Sweet Tree**”) for aggregate consideration of \$1.5 million cash and 135.0 million common shares of YSS, on a pre-consolidated basis (“**YSS Shares**”), plus contingent consideration of up to an additional 53.8 million YSS Shares (the “**Call Right**”). Concurrent with the acquisition of the Call Right, the Company entered into a perpetual licensing agreement to rebrand and operate the stores under the YSS™ or the Sweet Tree™ banner (together with the Call Right, the “**Acquisition**”).

The Acquisition adds two operating and two AGLC-inspected stores and aligns with YSS’ short-term retail strategy to accelerate cash flow and profitability. With the Acquisition, and in light of the recent lifting of the AGLC retail cannabis licensing moratorium, YSS expects to have at least 12 operating stores by year-end 2019. Our pro forma cash position of approximately \$12.9 million and expected near-term free cash flow allows YSS to refocus on organic growth opportunities in Western Canada and position for anticipated retail regulatory changes in Ontario. The addition of the Sweet Tree brand also aligns with YSS’ consumer strategy to build and offer customers recognizable and trusted brands.

Acquisition Highlights

- Two operating locations in Calgary’s Riverbend and Forest Lawn neighborhoods that, based on year-to-date results, are on track to generate approximately \$4.8 million in revenue and approximately \$860,000 of store-level adjusted cash flow on an annualized combined basis.
- Prior to including any future AGLC licenses to either YSS or Sweet Tree, the Acquisition is anticipated to be 76% accretive on a revenue per fully diluted share basis and 43% on a store-level adjusted cash flow basis to YSS shareholders.
- One completed and AGLC-inspected location in Calgary’s Sunridge Mall area.
- One completed and AGLC-inspected location in High River near shopping, restaurants, hotels and Alberta’s busy Highway 2.
- Two unconstructed Calgary locations with development and building permits; one downtown on 17th Avenue S.W. along one of the city’s most heavily trafficked areas, which is also the planned flagship location for the Sweet Tree operating brand, and the second in a Douglas Glen neighborhood shopping centre.
- One unconstructed location in Okotoks, with development and building permits, in a busy regional shopping centre offering liquor, restaurants and services.

- The Sweet Tree™ trademarks and established brand presence in the Calgary area will become a second, regionally focused, retail operating brand within the YSS portfolio (see www.sweettreecannabis.com for more information on the Sweet Tree retail brand).
- Tony Balakas, the CEO of Sweet Tree, has joined the YSS team as Vice President, Operations.

Mr. Balakas brings over 20 years experience in the retail and hospitality industries owning and operating three successful restaurants and bars in Calgary. Mr. Balakas has also been involved in the cannabis industry for over three years as an early investor in the cannabis space as well as a founding investor in Joi Botanicals, a Calgary based licensed producer of cannabis and as CEO and co-founder of Sweet Tree since inception in 2017.

“Bringing everything that is Sweet Tree, including Tony and his team, into the YSS family is a transformational step for YSS. It not only delivers immediate cash flow, accelerates new store openings and complements our existing Alberta retail portfolio but also creates valuable synergies across our retail strategy, operations, marketing, human resources and education,” said Theo Zurich, President and CEO of YSS. “The Acquisition, in conjunction with the improving supply and regulatory environment, are the final pieces of our short-term retail strategy focused on accelerating cash flow to establish the platform for sustainable, multi-year organic growth in Alberta.”

YSS Pro Forma Highlights

- Three operating stores, including two in Calgary and one in Red Deer.
- Eight AGLC-inspected stores including two in Calgary, and one each in High River, Vermilion, Stoney Plain, Lloydminster, Vegreville and Spruce Grove, all of which are anticipated to receive retail cannabis licenses intermittently between late June to October of 2019, in accordance with AGLC’s recent announcement to grant five new retail cannabis licenses per week.
- One Edmonton store expected to be ready for AGLC inspection in the next two weeks.
- Five additional locations including two in each of Calgary and Grand Prairie, and one in Edmonton that will be constructed over the next three months.
- Nine additional secured locations across Alberta that will be prioritized for future construction capital, including the planned Sweet Tree flagship store on 17th Avenue S.W. in downtown Calgary.

“We are thrilled to be joining forces with YSS. Their exceptional management team, experienced board of directors, and strong balance sheet will ensure that the pro forma company will have all the tools needed to be a leading retail cannabis operator,” said Tony Balakas, CEO of Sweet Tree. “We believe we now have a premier portfolio of locations across Alberta and we look forward to opening many more stores in the communities of our home province.”

Acquisition Terms

- Upon closing, Sweet Tree shareholders received consideration of \$1.5 million cash and 27.0 million YSS Shares.
- 85.5 million additional YSS Shares will be issued in 28.5 million YSS Share increments to Sweet Tree shareholders upon receipt of an AGLC license on each of the two AGLC-inspected

locations (Calgary Sunridge Mall and High River) and the currently unconstructed Calgary 17th Avenue S.W. location.

- 11.25 million additional YSS Shares will be issued to Sweet Tree shareholders upon the earlier of receipt of an AGLC license and two years from closing of the Acquisition, on the currently unconstructed Calgary Douglas Glen and Okotoks locations.
- 11.25 million additional YSS Shares will be issued to Sweet Tree shareholders upon the earlier of receipt of an AGLC license and two years from closing of the Acquisition, on the currently unconstructed Okotoks location.
- Sliding scale contingent consideration of up to 53.8 million additional YSS Shares if the currently operating stores in Calgary (Riverbend and Forest Lawn) exceed certain cash flow thresholds, namely a double in year-to-date financial results of the stores.

All required regulatory approvals, including from AGLC, have been obtained and the Acquisition closed today. The Company may exercise the Call Right in its sole and absolute discretion at any point in time for no additional consideration.

National Bank Financial Inc. acted as financial advisor to the Company in connection with the Acquisition. Eight Capital and Green Acre Capital acted as strategic advisors to the Company in connection with the Acquisition and were issued 11.3 million YSS Share purchase warrants exercisable at \$0.05 per YSS Share purchase warrant for a period of 24 months following the closing of the Acquisition.

Share Consolidation

On June 4, 2019, the Company announced that it will be consolidating all of the issued and outstanding common shares of the Company ("**Common Shares**") on the basis of one (1) post-consolidation Common Share for each six (6) pre-consolidation Common Shares. The Common Shares will commence trading on the TSXV on a post-consolidated basis at market open on June 17, 2019.

Additional Information

For additional information regarding YSS Corp. please see the Company's website at www.ysscorp.ca and filings available under the Company's profile on SEDAR at www.sedar.com.

About YSS Corp.

With retail operations under the **YSS™** and **Sweet Tree™** brands, YSS Corp. is a cannabis retailer with the vision to become a premier retailer and trusted destination for cannabis in Canada. YSS Corp. has a licensing agreement and call right on three operating stores in Red Deer and Calgary, two additional AGLC inspected locations and three locations for future construction. Organically, YSS has built and received AGLC inspections on six additional Alberta stores, has one location in Edmonton, Alberta nearing completion of construction and maintains a strategic portfolio of leased and prospective locations that represent future organic growth potential. YSS management brings excellence across capital markets, financial management and a strong commitment to deliver shareholder value by leveraging high-quality opportunities within this exciting new industry. The YSS retail experience is built on our five fundamental pillars: convenience, value, selection, team, and above all else, trust.

Investor or Media Contacts:

Theo Zunich
President, Chief Executive Officer
and Director
Phone: (403) 455-7656

Stephanie Bunch, CA
Vice President, Finance and Chief
Financial Officer
Phone: (403) 455-7656

YSS Corp.
Suite 1000, 350-7th Ave SW
Calgary, AB T2P 3N9
investor@yssc corp.ca

OR

Cindy Gray
5 Quarters Investor Relations, Inc.
(403) 231-4372 or info@5qir.com

Forward-Looking and Cautionary Statements

This news release may include forward-looking statements including opinions, assumptions, estimates, the Company's assessment of future plans and operations, and, more particularly, statements concerning: Solo Growth's retail cannabis business strategy, including organic growth and strategic activities; the Acquisition, including synergies with YSS's existing Alberta retail portfolio and the payment of contingent consideration; the ability to build, own and operate additional retail cannabis stores; the receipt of necessary permits and licenses to open stores; the ability to capitalize on potential opportunities that may arise and the ability to exercise thereon; the appointment of Tony Balakas as an officer and director of YSS; and enhancing value for shareholders. When used in this document, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Company. Forward-looking statements are subject to a wide range of risks and uncertainties and, although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to: regulatory and third party approvals not being obtained in the manner or timing anticipated, including AGLC inspections and licenses; the ability to implement corporate strategies; the state of domestic capital markets; the ability to obtain financing; changes in general market conditions; industry conditions and events; the size of the recreational cannabis market; changing customer habits; the availability of cannabis-retail products from licensed producers; government regulations, including future legislative and regulatory developments involving recreational cannabis; competition from other industry participants; and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities. Please refer to the Company's annual information form and management's discussion and analysis for the year

ended December 31, 2018 and MD&A for additional risk factors relating to the Company, which can be accessed under the Company's profile on www.sedar.com.

Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about: (i) the Company's investments, revenue, cash flow and store level adjusted cash flow; and (ii) revenue and store level adjusted cash flow in respect of the two operating locations in Calgary acquired pursuant to the Acquisition, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Solo Growth's future business operations. Solo Growth disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

Store level adjusted cash flow is not prescribed by International Financial Reporting Standards ("IFRS"). The Company uses this measure to help evaluate the financial and operating performance of the operating retail locations in Red Deer and Calgary. This non-IFRS financial measure does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. "Store level adjusted cash flow on annualized basis" is calculated as annualized gross margin less expected continuing expenses of the business such as rent, wages, utilities, IT related charges, repairs & maintenance, bank charges, store supplies and general office expenses, but before interest, depreciation, amortization or taxes.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.