



## NEWS RELEASE

### YSS CORP. ANNOUNCES SECOND QUARTER 2019 RESULTS AND OPERATIONAL UPDATE

**CALGARY, ALBERTA, August 21, 2019** – YSS Corp.™ (the “Company” or “YSS”) (TSXV: YSS) (WKN: A2PMAX) is pleased to announce the financial results for the three and six months ended June 30, 2019 and provide an operational update. Selected financial and operational information is outlined below and should be read in conjunction with YSS’ condensed interim consolidated financial statements for the three and six months ended June 30, 2019 and related management’s discussion and analysis (“MD&A”) which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

In connection with the acquisition of Sweet Tree Modern Apothecary Ltd. (“Sweet Tree”) on June 13, 2019, two retail locations operating under the Sweet Tree brand (together, the “Sweet Tree Stores”) were added, along with a portfolio of additional licensed, under construction, and unconstructed retail locations. The Company’s Q2 financials include three months of operations at YSS Red Deer and 18 days of operations from the Sweet Tree Stores.

#### Q2 2019 Financial & Operating Highlights

- Revenue of \$1.4 million for the second quarter of 2019 primarily due to a full quarter of operations at YSS Red Deer, where hours of operation increased from five to seven days per week in June 2019, reflective of the increase in cannabis supply availability. The Sweet Tree Stores contributed 18 days of operations and generated \$303 thousand in revenue of the \$1.4 million total for the quarter.
- Gross margin of \$504 thousand and store-level adjusted cash flow of \$389 thousand was realized in the second quarter of 2019, driven by the performance of the YSS Red Deer store acquired late in Q1 2019 and the Sweet Tree Stores acquired mid-June 2019.
- Approximately \$1.7 million was directed to investing activities during Q2 2019, of which \$1.4 million was used for the acquisition of the Sweet Tree Stores.
- As at June 30, 2019, the Company had a cash position of \$12.2 million.
- The Company exited the quarter with inventories of \$798 thousand compared to \$327 thousand at March 31, 2019, \$592 thousand of which relates to cannabis and accessories inventory on hand at YSS’ three operating retail stores, with the remainder being accessories and supplies inventory at various other locations in preparation of anticipated store openings in Q3 2019.

During the second quarter of 2019, the Company’s shareholders approved the name change of the Company to “YSS Corp.” a consolidation of the issued and outstanding common shares in the capital of the Company (the “Common Shares”) up to a six to one basis. The Common Shares began trading on the TSX Venture Exchange under the Company’s new name and new stock symbol “YSS” at market opening on June 4, 2019 and the Common Shares were consolidated on a six to one basis on June 17,

2019. The Q2 financial results for YSS largely reflect the contribution of the Company's Red Deer store, which was operational throughout the full quarter.

### Operational Update

- In July 2019, the first full calendar month of operations following the acquisition of Sweet Tree, the Company estimates revenue of approximately \$970 thousand reflective of a full month contribution from three stores (Red Deer, Riverbend, Forest Lawn), 24 days' contribution from Sunridge and 10 days' contribution from High River.
- July gross margin and store-level adjusted cash flow is estimated as \$324 thousand and \$185 thousand, respectively.
- Currently, the Company has ten stores open, six of which are operating under the YSS brand, (Red Deer, Calgary, Stony Plain, Spruce Grove, Vermilion and Vegreville) and four operating under the Sweet Tree brand (Calgary communities of Riverbend, Forest Lawn, and Sunridge as well as High River).
- The Company's two incremental Alberta Gaming, Liquor, and Cannabis Commission ("AGLC") licensed locations in Edmonton and Lloydminster are anticipated to open early in September.
- The Company's two locations under construction, Sweet Tree 17<sup>th</sup> Avenue downtown Calgary and Sweet Tree Okotoks, are anticipated to be ready for AGLC inspection mid-September.
- In addition, YSS is in various stages of planning and construction on six locations with the objective of growing to 20 constructed stores by year end 2019.

"We are pleased with the revenue and gross margin performance generated by YSS during the second quarter with one store open for the full period, and two stores contributing only 18 days of operations," said Theo Zurich, President and CEO of YSS. "With \$12.2 million in cash at the end of the quarter, and at least 12 open stores contributing to the second half of 2019 results, YSS is well positioned for continued expansion across Alberta and Canada."

The Company is committed to becoming the trusted destination for cannabis in Canada by creating and delivering a premier in-store retail experience through understanding customer demands and data, implementing standardized procedures, investing in brand and retail design, offering interactive in-store technology, and developing an experienced and welcoming team. YSS views the continued investment in customer experience as instrumental to establishing customer loyalty, brand recognition and ultimately future business.

The Company also announces that it has granted an aggregate of 5.4 million options to acquire common shares (the "Options") of YSS, of which 3.65 million were issued to directors and officers of the Company. The Options are exercisable for a period of five years at a price of \$0.355 per common share and vest as to 1/3 immediately, 1/3 on the first anniversary of the grant date and the final 1/3 on the second anniversary of the grant date. All Options were granted in accordance with the Company's stock option plan.

## Additional Information

For information on store locations and opening dates please visit [www.ysscorp.ca](http://www.ysscorp.ca), [www.sweettreecannabis.com](http://www.sweettreecannabis.com) and follow us on social media.

For additional information regarding YSS Corp. please see the Company's website at [www.ysscorp.ca/investors](http://www.ysscorp.ca/investors) and filings available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## About YSS Corp.

With retail operations under the **YSS™** and **Sweet Tree™** brands, YSS Corp. is a premium cannabis retailer and trusted destination to explore and discover cannabis in Canada. YSS currently operates ten locations in Calgary, Red Deer, High River, Spruce Grove, Stony Plain, Vermilion and Vegreville under the YSS and Sweet Tree brands and has received two additional licenses from the AGLC for two fully-constructed Alberta stores, both of which are expected to open by the end of Q3 2019. In addition, YSS maintains a strategic portfolio of constructed, secured and prospective locations that represent future organic growth potential for the Company. YSS management brings excellence across capital markets, retail operations, hospitality, cannabis, 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.

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## 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: YSS' retail cannabis business strategy, including organic growth and strategic activities; the opening of currently AGLC licensed but unopened retail stores and the timings thereof; future revenue and the expected material contribution*

of the opened stores to the Company's financial and operating results for the second half of 2019; the ability to build, own and operate additional retail cannabis stores; the receipt of necessary permits and licenses to open stores and the ability to capitalize on potential opportunities that may arise and the ability to exercise thereon. 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 for additional risk factors relating to the Company, which can be accessed under the Company's profile on [www.sedar.com](http://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, balance sheet, expenses, profit, revenue and cash flow; and (ii) sales and store level adjusted cash flow in respect of the Red Deer Store, 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 made as of the date of this document and was provided for the purpose of providing further information about YSS' future business operations. YSS 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 Red Deer Store. 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.**