



NEWS RELEASE

YSS CORP. ANNOUNCES Q1 2020 RESULTS, DRIVEN BY RECORD QUARTERLY REVENUE, AND Q2 2020 OUTLOOK

CALGARY, ALBERTA, May 27, 2020 – YSS Corp.™ (the “**Company**” or “**YSS**”) (TSXV: YSS) (WKN: A2PMAX), a premier Canadian cannabis retailer with operations under the YSS™ and Sweet Tree™ brands and a trusted destination to explore and discover cannabis in Canada, is pleased to announce Q1 2020 financial results, operational update and Q2 2020 outlook.

Q1 2020 Highlights

- Revenue of \$4.2 million increased 15% over Q4 2019, in-line with previous expectations.
- Gross margin of \$1.3 million grew 21% over Q4 2019, consistent with YSS’ earlier forecasts.
- Store-Level EBITDA¹ of \$159,000 represents a 342% increase over the previous quarter.
- General and administrative costs of \$820,000 were \$112,000 lower than in Q4 2019.
- Cash balance of \$4.6 million as at March 31, 2020, with no debt or interest obligations, positions YSS with the financial flexibility to support operational ramp-up, organic growth initiatives and strategic merger and acquisition opportunities.
- Opened three new stores, including two flagship stores in Calgary (YSS 4th Avenue and Sweet Tree 17th Avenue), as well as YSS Grande Prairie, which brought the Company’s operating store count to 17.
- Organic store build-out costs averaged approximately \$379,000 on the most recent six stores, a 27% decrease from the first six constructed stores.
- Introduced dozens of new product types, highlighted by expanded dried flower selection, edibles, and cannabis oil vaporizer products, coupled with wholesale price reductions.

At the end of the first quarter of 2020, YSS had increased the number of EBITDA¹ positive stores to 13 compared to four at year-end 2019. These growth trends and operational improvements are anticipated to continue throughout the remainder of 2020, supporting the Company’s forecast to exit 2020 with positive run-rate corporate EBITDA¹ and ample financial flexibility. Any positive contribution from the construction of new stores planned for Q3 2020 would accelerate this 2020 objective.

“The introduction of new product types coupled with black market competitive prices and quality have been critical to driving recent market growth,” said Theo Zunich, President and CEO of YSS. “Year-to-date results and market statistics are early indicators of the cannabis market potential in Canada and YSS is well-positioned to capitalize on future growth.”

¹ Non-IFRS measure. Store-Level EBITDA is defined as revenue less cost of goods sold and operating costs before corporate general & administrative expenses and Corporate EBITDA is defined as Store-Level EBITDA less corporate general & administrative costs.

Q2 2020 Outlook

- Growth into Q2 2020 paired with operational efficiencies continues to drive improved store profitability and progress toward the Company's objective of exiting 2020 with a positive run-rate corporate EBITDA.
- Forecast revenue for Q2 2020 is expected to exceed \$4.6 million, representing approximately 8 to 10% growth over Q1 2020.
- Forecast gross margin for Q2 2020 is expected to exceed \$1.3 million, representing approximately 4 to 5% growth over Q1 2020.
- Further expansion of product types, including dried flower selection, beverages, edibles, topicals and extracts have been met with strong demand.
- In mid-April, YSS successfully launched its internally-controlled and Canadian-domiciled click and collect platform which now represents over 10% of sales and delivers an average online order, or 'basket size', that is approximately 80% larger than that realized through in-store purchases.

YSS Operational Update

- YSS remains focused on fundamental retail principles as the keys to success while continuing to build a fiscally conservative organization that is focused on sustainability and measured growth in 2020 and beyond.
- In Ontario, YSS has received its Retail Operator License from the Alcohol and Gaming Commission of Ontario ("**AGCO**") and the Company's Waterloo location is currently in the AGCO 15-day public notice period.
- Construction planning is ongoing for the Waterloo store and additional Alberta locations. The Company expects that two to three of these locations will be constructed by year end.

Concurrent with today's market open, the TMX Group launched a corporate video featuring an interview with YSS' CEO, Theo Zurich, available at the following link:

<https://www.youtube.com/watch?v=hSNvoK0IIJk&feature=youtu.be>.

In addition, the Company has remained active year-to-date conducting numerous proactive investor outreach activities, engaging with current and potential investors, meetings with analysts, and being interviewed by online media outlet, *The Fly*, which is available on the Company's website.

During the COVID-19 pandemic, YSS and Sweet Tree stores have remained open, with operations continuing without meaningful disruption. Consistent with its overall strategy, the Company continues to pursue optimization opportunities and is collaborating with landlords and investigating government sponsored assistance programs that would further improve corporate stability.

In the face of COVID-19, YSS' business value of trust has been prioritized more than ever. The Company cares deeply about the safety and well-being of its employees, customers, and partners, and is pleased with the positive outcome of measures put in place to ensure stores are clean and safe, and with the success to date of its click and collect program, which minimizes the in-store time required for customers.

The Company also announces that it has granted an aggregate of 4.3 million options to acquire common shares (the "**Options**") of YSS, of which 3.35 million were issued to directors and officers of the

Company. The Options are exercisable for a period of five years at a price of \$0.175 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.

Executive Compensation Disclosure

The Company is relying on the blanket relief provided by the TSX Venture Exchange, the Canadian Securities Administrators and Alberta Securities Commission Blanket Order 51-518 - Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials with respect to its obligation to file a statement of executive compensation within 180 days of the Company's year end, as set out in section 9.3.1(2.2) of National Instrument 51-102 – Continuous Disclosure Obligations, and will include such statement of executive compensation in the information circular to be mailed to securityholders and filed on SEDAR in connection with the Company's next annual meeting of shareholders.

The Company confirms that its annual financial statements and related management's discussion and analysis for the year ended December 31, 2019 were filed on April 22, 2020, copies of which are available on SEDAR at www.sedar.com.

Additional Information

Selected financial and operational information is outlined in this press release and should be read in conjunction with YSS' the audited consolidated financial statements for the quarter ended March 31, 2020 and the related management's discussion and analysis ("**MD&A**"), each of which is filed on SEDAR at www.sedar.com and posted to the Company's website at www.ysscorp.ca/.

For information on store locations, updates on promotions, store openings and to access the Company's click and collect service please visit www.ysscorp.ca, 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 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 premium cannabis retailer and the trusted destination to explore and discover cannabis in Canada. YSS operates 17 locations across Alberta and in Saskatchewan under the YSS and Sweet Tree brands. In addition, YSS maintains a strategic portfolio of under construction, secured and prospective locations that represent future organic growth potential for the Company. YSS management brings proven expertise 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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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 Company's operations; COVID-19, the Company's continuous monitoring thereof, actions taken in response thereto and the impact on the Company's business, financial condition and results of operations; the Company being positioned with the financial flexibility to support operational increases, organic growth initiatives and strategic merger and acquisition opportunities; the Company's 2020 objectives including expected growth trends and operational improvements and forecast to exit 2020 with positive run-rate corporate EBITDA and ample financial flexibility and the measures the Company intends to adopt to execute on its objectives; the Company's planned construction of new stores, timing thereof and impact thereon on the Company's 2020 objectives; the future performance of the operating retail cannabis stores; the Company being well positioned to capitalize on future growth; the Company expanding product types in the future; and expectations as to consumer demands.

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: risks relating to the COVID-19 pandemic, governmental responses thereto, measures taken by the Company in response thereto and the impact thereof on the global economy, capital markets, the cannabis retail industry and the Company; the success of the Company's operations; ability to execute its business strategy and future plans of operations; risks relating to acquisitions; third party credit risks; accuracy and reliability of data analytics relied on by the Company; ability to obtain, amend or renew necessary licences, permits and authorizations for the Company's operations in a timely and cost-efficient manner; ability to obtain and maintain liability insurance on acceptable terms; development of new stores including construction delays; increased competition; ability to locate and secure acceptable store sites and maintain retail leases on acceptable terms; ability to obtain quality

and diversified cannabis products and cannabis accessories; ability to attract and retain key personnel and customers; dependence on key personnel; labour costs, shortages and labour relations; supply interruption or delays; dependence on suppliers; intellectual property and cybersecurity risks; risks related to product recalls, product liability and health and safety; unfavourable publicity and consumer perception with respect to cannabis, cannabis products and cannabis accessories; industry conditions and events; the size of the recreational cannabis market; changing customer habits; the state of the economy including general economic conditions in Canada, the U.S. and globally; the unpredictability and volatility of the price of the common shares; restrictions on potential growth; availability of sufficient financial resources to fund the Company's capital expenditures; changes in tax rates and government mark-ups; the state of domestic capital markets; the ability to obtain financing on satisfactory terms; changes in general market conditions; 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 management's discussion and analysis for the year ended December 31, 2019 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 the Company's revenue, gross margin and EBITDA, 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 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 EBITDA (Earnings Before Interest Tax Depreciation Amortization) is not a measure recognized by IFRS and does not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Investors are cautioned that this measure should not be relied on as an indicator of the Company's financial performance, of its cash flows from operating, investing and financing activities or be relied on as a measure of its liquidity and cash flows. The Company's method of calculating the aforementioned non-IFRS financial measure, may differ from the methods used by other issuers. Therefore, this measure may not be comparable to similar measures presented by other issuers. Please refer to the MD&A for additional information relating to non-IFRS measures.

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.