



NEWS RELEASE

YSS CORP. ANNOUNCES PRELIMINARY Q2 2020 RESULTS AND OPERATIONAL UPDATE

CALGARY, ALBERTA, July 23, 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 preliminary Q2 2020 financial results and provide an operational update.

Q2 2020 Highlights

- Revenue of \$4.7 million increased 12% over Q1 2020 and exceeded the Company’s Q2 2020 outlook of \$4.6 million.
- Gross margin of \$1.4 million was 6% higher than Q1 2020 and exceeded the Company’s Q2 2020 outlook of \$1.3 million.
- Store-Level EBITDA¹ of \$358,000 represents a 131% increase over the previous quarter.
- General and administrative costs of \$671,000 were \$149,000 (18%) lower than in Q1 2020.
- By the end of Q2 2020, YSS had successfully increased the number of EBITDA¹ positive stores to 15 compared to 13 at the end of the previous quarter.

Operational Update

Positive growth trends have prevailed through the first half of 2020 and have continued into July. Based on data reported by Statistics Canada for the first five months of 2020, Canada and Alberta are on-pace to exceed \$2.0 billion and \$450 million in retail cannabis sales in 2020, respectively, which would represent an increase from \$1.2 billion and \$255 million, respectively, in 2019 annual retail sales.

Concurrent with this growth, YSS has taken steps to improve operational efficiencies. These steps, combined with increased same-store sales, have resulted in store-level EBITDA¹ margin improvement from 4% in Q1 2020 to 8% in Q2 2020 with the expectation to exceed 10% in Q3 2020.

YSS remains on target to exit 2020 with positive run-rate corporate EBITDA¹. This goal would be accelerated if the Company maintains a consistent pace of same-store growth for the remainder of 2020 and realizes positive contribution from opening and operating additional stores in 2020. Construction on the next two YSS stores, located in Waterloo and Edmonton, is expected to commence in the coming weeks.

With \$4.6 million of cash and no debt at the end of Q1 2020, YSS has ample capital to support ongoing same-store growth and complete the construction of planned new stores in Alberta and Ontario while maintaining the financial flexibility to pursue strategic acquisition opportunities.

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.

Concurrent with this press release, the Company has posted an updated corporate presentation on the investor portal of the YSS website at:

<https://ysscorp.ca/investors>.

During the COVID-19 pandemic, YSS and Sweet Tree stores have remained open, with operations continuing without meaningful disruption. 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.

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 actions taken in response thereto and the effect thereof and the impact of COVID-19 on the Company's business, financial condition and results of operations; the Company being positioned with the financial flexibility to support ongoing same-store growth, construct and open new stores and execute on strategic merger and acquisition opportunities; the Company's objective to exit 2020 with positive run-rate corporate EBITDA and the factors contributing thereto; the Company's planned construction and opening of new stores in Alberta and Ontario, timing thereof and impact thereon on the Company's 2020 objectives; the future performance of the operating retail cannabis stores; and expectations regarding annualized 2020 retail cannabis sales in Canada and Alberta.

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 and the Company's annual information form 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.