



NEWS RELEASE

YSS CORP. ANNOUNCES RECORD Q2 2020 QUARTERLY RESULTS AND Q3 2020 OUTLOOK

CALGARY, ALBERTA, August 26, 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 Q2 2020 financial results, a Q3 2020 outlook 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 grew by 6% compared to Q1 2020 and exceeded the Company’s Q2 2020 outlook of \$1.3 million.
- Store-Level EBITDA¹ of \$359 thousand represented a 132% increase over the previous quarter.
- General and administrative costs of \$670 thousand were \$150 thousand (18%) lower than in Q1 2020 and represented 14% of revenue, down from 20% of revenue in Q1 2020.
- At 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.
- Cash balance of \$4.1 million as at June 30, 2020 positions YSS with ample capital to support ongoing store ramp-up and complete the construction of planned new stores in Alberta and Ontario, while maintaining the financial flexibility to pursue strategic acquisition opportunities.
- Record quarterly results were driven solely by existing store growth, as no new stores were opened in Q2 2020.

Q3 2020 Outlook

- Growth has continued into Q3 2020 with YSS achieving record results in July, surpassing \$1.9 million in monthly revenue.
- Forecast revenue for Q3 2020 is expected to exceed \$5.6 million, representing growth of approximately 18% to 20% over Q2 2020.
- Forecast gross margin for Q3 2020 is expected to exceed \$1.6 million, an increase of approximately 20% to 22% relative to Q2 2020.

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 through 2020 and beyond.
- Planning and construction activities are underway on three locations, including two in Alberta and one in Ontario, with a forecasted aggregate budget of \$850 thousand.

¹ Non-International Financial Reporting Standards (“IFRS”) measure. Store-Level EBITDA is defined as revenue less cost of goods sold and operating costs before corporate general & administrative expenses.

Positive growth trends have prevailed through the first half of 2020 and have continued into Q3 2020, for both YSS and the industry as a whole. Concurrent with this growth, YSS has taken steps to improve operational efficiencies which, when combined with increased existing store sales, have resulted in store-level EBITDA¹ margin improvement from 4% in Q1 2020 to 8% in Q2 2020. The Company remains on target to exit 2020 with positive run-rate corporate EBITDA¹.

“Expansion of product selection, coupled with improving product quality and value, has promoted meaningful expansion of the legal market year-to-date in 2020,” said Theo Zunich, President and CEO of YSS. “Consistent with this trend, YSS’ Q2 2020 existing store growth surpassed the increase in the overall market, which reflects advancing corporate market share and increasing profitability against a backdrop of industry-wide growth.”

Additional Information

Selected financial and operational information is outlined in this press release and should be read in conjunction with YSS’ audited consolidated financial statements for the quarter ended June 30, 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.

¹ Non-IFRS measures. 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.

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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; the Company being positioned with ample capital to support same-store growth, construction and planning of new stores and maintain the financial flexibility to pursue strategic acquisition opportunities; Q3 2020 outlook; the Company's focus on fundamental retail principals and continuing to build a fiscally-conservative organization; the planning and construction of new retail stores in Alberta and Ontario and the forecasted aggregate budget thereof; and the Company's projection of exiting 2020 with positive run-rate corporate EBITDA.

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 and corporate EBITDA (Earnings Before Interest Tax Depreciation Amortization) are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that these measures 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 measures of the Company's liquidity and cash flows. The Company's method of calculating the aforementioned non-IFRS financial measures, may differ from the methods used by other issuers. Therefore, these measures 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.

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