



NEWS RELEASE

YSS CORP. ANNOUNCES RECORD Q3 2020 QUARTERLY RESULTS AND Q4 2020 OUTLOOK

CALGARY, ALBERTA, November 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 record Q3 2020 financial results, an outlook for Q4 2020 and an operational update.

Q3 2020 Highlights – A Record Quarter

- Revenue of \$5.8 million increased 24% over Q2 2020 and exceeded the Company’s Q3 2020 outlook for growth of 18% - 20% and \$5.6 million.
- Gross margin of \$1.8 million grew by 31% compared to Q2 2020 and exceeded the Company’s Q2 2020 outlook for growth of 20 - 22% growth and \$1.6 million.
- Store-Level EBITDA¹ of \$560 thousand represented a 56% increase over the previous quarter.
- General and administrative costs of \$733 thousand were \$63 thousand, or 9%, higher than in Q2 2020 and represented 13% of revenue, down from 14% of revenue in Q2 2020.
- YSS has continued to take steps to improve its operational efficiencies and its store-level EBITDA¹ margin, which has steadily grown from 4% in Q1 2020, 8% in Q2 2020 to 10% in Q3 2020.
- Cash balance of \$2.9 million as at September 30, 2020.
- Record quarterly results were driven solely by success with existing store growth, as no new stores were opened in Q3 2020.

Q4 2020 Outlook

- Growth has continued into Q4 2020 with YSS achieving record monthly revenue of \$2.0 million in October.
- Opening and ramp-up of YSS Hamptons in Edmonton on October 16, 2020, will further support Q4 results.
- Forecast revenue for Q4 2020 is expected to exceed \$6.0 million, representing quarter-over-quarter growth of approximately 4 - 6%.

YSS Operational Update

- \$2.9 million cash as at September 30, 2020 and the recently announced letter of intent in respect of the \$4.0 million senior secured term loan will provide YSS with ample capital to support ongoing industry growth and accelerate the addition of new stores in Alberta, Saskatchewan and Ontario, while maintaining the financial flexibility to pursue value-added strategic opportunities.
- YSS remains on target to exit 2020 with positive run-rate corporate EBITDA¹ and expects to deliver further cost optimization, continued growth and corporate profitability in 2021.

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 and Corporate EBITDA is defined as Store-Level EBITDA less corporate general & administrative costs. See disclaimers below.

- New store construction and fixturing budgets have been optimized to average approximately \$300,000 per store.
- YSS Country Hills in Calgary is in the final phase of construction.
- Planning, permitting and construction is underway on four additional locations, including two in Ontario.

Positive growth trends across the YSS store portfolio and the industry as a whole have continued throughout the year with Statistics Canada 2020 cannabis retail sales² on-pace for a twofold increase, both in Alberta and nationally, relative to 2019. With the exception of oils and capsules, growth is materializing across all cannabis categories demonstrating continued capture of black market share coupled with ongoing adoption of new cannabis product formats. YSS is well positioned to continue capturing market share while benefitting from ongoing industry growth with statistically diverse assets, low product investment, efficient capital requirements and limited exposure to business interruptions.

“Cannabis is forecasted to be a leading consumer packaged goods growth segment in Canada, and across North America, for the next three years,” said Theo Zurich, President and CEO of YSS. “As an established cannabis retailer with 18 - soon to be 19 - stores, a proven management team with a track record of operational performance and a strong balance sheet, YSS offers investors an extremely compelling opportunity to gain exposure to this high-growth sector.”

Additional Information

Selected financial and operational information is outlined in this press release and should be read in conjunction with YSS’ condensed interim consolidated financial statements for the three and nine months ended September 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 18 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. See disclaimers below.

² Statistics Canada. Annualized based on September year-to-date cannabis retail sales of \$1.8 billion Nationally and \$400 million in Alberta for 2020 versus 2019 cannabis retail sales of \$1.2 billion Nationally and \$255 million in Alberta. See disclaimers below.

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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 closing of the term loan and the use of proceeds therefrom; the Company's operations and retail experience; 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; Q4 2020 outlook; the planning and construction of new retail stores in Alberta, Saskatchewan and Ontario and the forecasted aggregate budget thereof; the Company's projection of exiting 2020 with positive run-rate corporate EBITDA; and information relating to future promotions, store openings and the Company's click-and-collect service. 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 that include, but are not limited to, the execution of definitive documentation in respect of the term loan and the timely receipt of all required regulatory and third-party approvals. 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: the terms and conditions of the term loan, 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 MD&A, 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 growth from existing and new stores, revenue, gross margin, corporate profitability, operational efficiencies, cost optimization, new store construction and fixturing budget 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) and Corporate EBITDA are not measures recognized by IFRS and do not have standardized meanings 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.

Certain information contained herein has been obtained from published sources prepared by independent industry analysts and third-party sources (including industry publications, surveys and forecasts), including Statistics Canada. While such information is believed to be reliable for the purpose used herein, the Company does not assume any responsibility for the accuracy of such information. The sources cited in this news release have not consented to the inclusion of any data from their reports, nor has the Company sought their consent.

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.