



FOR IMMEDIATE RELEASE

Inner Spirit Holdings Provides December 2018 Sales Results, Year-End Highlights and 2019 Strategy Update

CALGARY, Alberta (January 8, 2019) – Inner Spirit Holdings Ltd. (“Inner Spirit” or “the Company”) (CSE:ISH) today provided its December 2018 sales results, recapped its year-end highlights, and delivered a strategy update for 2019.

Inner Spirit reported system-wide retail sales of \$2,253,919 for the month of December. This included \$583,597 in sales by its four operating Spiritleaf franchise cannabis dispensaries and \$1,670,322 in system-wide sales from its Watch It! retail operation, including \$921,485 from its wholly owned stores and \$748,837 from franchise locations. The Company’s system-wide retail sales resulted in revenue of \$996,617 for Inner Spirit in December.

“We are very pleased with the initial full month of sales from the open and operating Spiritleaf dispensaries. The stores are located in the smaller yet robust communities of Brooks, Lethbridge, St. Albert and Moose Jaw and their sales have certainly met our expectations. The positive reviews from customers reinforce that we are developing a brand based on quality and choice as we continue to build Spiritleaf’s foundation for the long term. Our progress is also a testament to our strategy of building Spiritleaf on top of the existing Watch It! retail and franchise organization which provided us with stable revenue, a framework and infrastructure throughout 2018 as the recreational retail cannabis industry was developing in Canada,” said Darren Bondar, President and CEO.

“Recent regulatory developments confirm our underlying analysis that the demand for recreational cannabis is extremely robust. We are well positioned in B.C., Alberta and Saskatchewan and our franchise expansion strategy is aligned with the policy objectives of the Ontario provincial government, namely, to support and protect small business. In fact, the additional private retail opportunity in Ontario has increased the potential Canadian footprint for Spiritleaf stores. We are not even 90 days post-legalization (after 94 years of prohibition), and our Company is nimble, adapts and continues to move forward while the nascent recreational cannabis industry advances.”

The Company reported the following 2018 highlights:

- Inner Spirit was the first recreational cannabis retail and franchise company to complete an initial public offering and listing in Canada.
- Spirit Leaf Inc., the Company’s wholly owned subsidiary, was the first cannabis company to be granted membership in the Canadian Franchise Association.
- Spirit Leaf Inc. entered a formal banking relationship that provides Spiritleaf’s Alberta franchise partners with flexible bank accounts and financing for equipment and leasehold improvements of up to \$350,000 per location under the Canadian Small Business Financing Act (CSBFA) loan program.
- The Company formulated strategic partnerships and collaborations with a number of cannabis industry leaders, including Auxly Cannabis Group Inc. (TSX.V: XLY), Newstrike Brands Ltd (TSX.V: HIP), Tilray, Inc. (NASDAQ: TLRY), and High Times Holding Corp.



- Spiritleaf opened three franchise locations in Alberta and a flagship Saskatchewan franchise store. Additionally, two wholly owned corporate stores and three franchise stores are fully built, have passed municipal and provincial inspections, and are ready to open in Calgary and Edmonton when the Alberta cannabis retail licensing freeze is lifted. An additional 44 locations received municipal development permits and are in various stages of development which includes additional corporate locations.

Inner Spirit anticipates releasing its 2018 financial results in April and has scheduled its annual general meeting for May 30, 2019.

For 2019, the Company intends to continue advancing its business strategy and build upon recent successes. Inner Spirit's planning, experience, execution and financing provide it with a stable and strong foundation. The Company has resilient franchise partners, enthusiastic and knowledgeable staff, valuable industry partnerships, and great locations to create a premier cannabis experience for customers, generate value for shareholders and benefit local communities.

"We're off to an excellent start as a leading, publicly traded retail cannabis company operating in one of Canada's fastest growing industries. We remain focused on implementing our business strategy in 2019 and working with investors, franchisees, employees and customers to continue to build the Spiritleaf brand," said Bondar.

About Inner Spirit

Inner Spirit is establishing a chain of recreational cannabis dispensaries under its Spiritleaf brand. Supporting local entrepreneurs by applying its award-winning franchise and retail models, Inner Spirit has four dispensaries in operation in Alberta and Saskatchewan, with more than 100 franchise agreements in place for potential Spiritleaf locations and plans to operate corporate dispensaries in certain jurisdictions. Developing a diverse portfolio of quality and curated lifestyle cannabis products – including Spiritleaf's own proprietary brands – Inner Spirit's Spiritleaf brand is positioned to be an iconic Canadian brand and the most trusted source for recreational cannabis. More information can be found on Inner Spirit's website at www.innerspirtholdings.com.

Non-GAAP Financial Measure

In this press release, the Company reports "system-wide retail sales", a non-GAAP financial measure. Non-GAAP measures are not defined under the International Financial Reporting Standards (as issued by the International Accounting Standards Board) and therefore may not be comparable to similarly titled measures reported by other issuers. Accordingly, system-wide retail sales are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

System-wide retail sales are the sum of the revenue reported to Inner Spirit by franchisees of Spiritleaf cannabis retail stores, by franchisees of Watch It! retail stores and by Company-owned Watch It! retail stores. This measure is useful in evaluating brand scale and market penetration and is used by management of Inner Spirit to assess the financial and operational performance of the Company.



Forward-looking statements

This press release contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, forward-looking statements can be identified by terms such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "potential", or the negative thereof or other similar expressions concerning matters that are not historical facts. These forward-looking statements are based on the Company's current projections and expectations about future events and financial trends that management believes might affect its financial condition, results of operations, business strategy and financial needs, and on certain assumptions and analysis made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate. Examples of such statements include, but are not limited to, statements with respect to the objectives and business plans of the Company. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including but not limited to the risk that additional stores may not open due to national retail cannabis supply issues, the risk that the Alberta Gaming, Liquor and Cannabis Commission does not lift the current temporary cannabis retail licensing freeze or the timing thereof, the risk that Spirit Leaf Inc. or its franchisees do not receive Ontario cannabis retail licenses under the Alcohol and Gaming Commission of Ontario lottery regime, and other factors outside of the company's control. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. The forward-looking statements contained in this news release are made as of the date of this release and, accordingly, are subject to change after such date.

For further information

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