



FORM 7
MONTHLY PROGRESS REPORT

Name of Listed Issuer: Inner Spirit Holdings Ltd. (the "Issuer").

Trading Symbol: ISH, ISH.WT.A and ISH.DB

Number of Outstanding Listed Securities: 291,406,829 common shares,

20,682,773 common share purchase warrants,

7,022 convertible debentures.

Date: As of June 30, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer has been actively developing its retail and franchise strategy which included securing locations for, building and opening new Spiritleaf corporate retail cannabis stores and operating existing Spiritleaf corporate retail cannabis stores through its subsidiaries, Spirit Leaf Corporate Inc. ("**Spirit Leaf Corporate**"), Spirit Leaf Macleod Inc. ("**Spirit Leaf Macleod**"), and Spirit Leaf Ontario Inc. ("**Spirit Leaf Ontario**"), and included supporting the opening and operating of Spiritleaf franchise retail cannabis stores through its subsidiary, Spirit Leaf Inc. ("**Spirit Leaf**"), while simultaneously exploring strategic opportunities to support potential future growth.

The Issuer continued to develop its corporate and business infrastructure to support retail and franchise operations. Investments were made to continue developing and supporting marketing operations, human resources operations, point of sale systems, accounting systems, design activities and operations, the Issuer's customized cannabis menu app, the Issuer's cannabis online order and pickup platform, and the Issuer's online Spirit Hub which allows employees to continue to learn, grow and collaborate across the organizational chain.

As of the end of the month, the Issuer and its franchisees operated a total of 99 (vs. 92 in May) Spiritleaf retail cannabis stores in Canada, consisting of (i) 6 franchise Spiritleaf retail cannabis stores in British Columbia; (ii) 14 corporate Spiritleaf retail cannabis stores and 37 franchise Spiritleaf retail cannabis stores in Alberta; (iii) 2 corporate Spiritleaf retail cannabis store and 1 franchise Spiritleaf retail cannabis store in Saskatchewan; (iv) 1 corporate Spiritleaf retail cannabis store and 1 franchise retail cannabis store in Manitoba; (v) 5 corporate Spiritleaf retail cannabis stores and 28 franchise Spiritleaf retail cannabis stores in Ontario; (vi) 4 franchise Spiritleaf retail cannabis stores in Newfoundland and Labrador.

British Columbia:

During the month, franchise partners continued to operate 6 Spiritleaf locations in British Columbia, in Vernon, Penticton, Maple Ridge, Castlegar, Kelowna, and West Kelowna.

The Issuer continued to seek additional corporate or franchise opportunities in British Columbia to achieve the regulatory maximum of 8 cannabis retail stores licenses per group of related persons (which includes the Spiritleaf brand) through the end of 2021.

Alberta:

During the month, the Spiritleaf brand remained the top retail cannabis store license holder in Alberta. It ended the month with an aggregate of 51 licenses held by corporate and franchise Spiritleaf retail cannabis stores.

Spirit Leaf Corporate continued to operate corporate Spiritleaf retail cannabis stores in Alberta during the month. It entered June with 12 corporate stores and ended the month with 13 corporate stores after opening an additional store in Calgary's Varsity neighborhood. The corporate Spiritleaf retail cannabis stores are located in Edmonton's Old Strathcona neighborhood on Whyte Avenue, Edmonton's Garneau neighborhood on

Whyte Avenue, Edmonton's Parsons Place, Edmonton's Sherbrooke neighborhood, Edmonton's Oxford neighborhood, Calgary's Beltline neighborhood on 10th Avenue SW, Calgary's 17th Ave Retail and Entertainment District, Calgary's Varsity neighborhood, Canmore on Old Canmore Road, Jasper National Park, Fort McMurray's Peter Pond Mall, along the main street of 6th Ave in Lethbridge and in Nisku located near the Edmonton International Airport.

Spirit Leaf Macleod continued to operate the Issuer's flagship Spiritleaf retail cannabis store on Macleod Trail in Calgary, Alberta. The store, which is located near CF Chinook Centre, Calgary's largest mall, also functions as Spirit Leaf's in-store training and development centre.

Franchise partners of Spirit Leaf continued to operate franchise Spiritleaf retail cannabis stores in Alberta during the month. They entered June with 36 operating stores and ended the month with 37 operating stores after opening one additional store. Spirit Leaf franchise partners continue to work with Alberta Gaming, Liquor and Cannabis on final approvals of their municipally approved Alberta locations that are in various stages of development.

Saskatchewan:

During the month, Spirit Leaf Corporate continued to operate its first 2 Saskatchewan corporate Spiritleaf retail cannabis stores in the River Heights district of Saskatoon in the Canarama Mall and in Saskatoon's community of Brighton. It also continued to build out its 3rd store in Saskatoon's Midtown neighborhood.

Spirit Leaf's franchise partner continued to operate the Spiritleaf retail cannabis store in Moose Jaw and the e-commerce website (www.sk.spiritleaf.ca) that sells cannabis throughout the entire province.

Manitoba:

During the month, Spirit Leaf Corporate opened its first Manitoba corporate Spiritleaf retail cannabis store in Winnipeg's Unicity district on Portage Avenue and continued construction on the other secured corporate location in Winnipeg on McPhillips Street.

A franchise partner of Spirit Leaf opened one store in Winnipeg's St. Vital neighborhood during the month, while 2 other franchise locations in Winnipeg remained under construction.

Spirit Leaf continued its franchise sales activities in the province for both Spiritleaf stand-alone stores and store-in-store operations under the controlled-access licence category.

Ontario:

Spirit Leaf Ontario continued to operate its 5 corporate Spiritleaf retail cannabis stores in Ontario during the month. The corporate Spiritleaf retail cannabis stores are located on Robertson Road in Nepean, on Princess Street in Kingston, in Ambassador Plaza in Windsor, in the Grantham Plaza in St. Catharines, and in London.

Franchise partners of Spirit Leaf continued to operate franchise Spiritleaf retail cannabis stores in Ontario during the month. They entered the month with 25 franchise stores and

ended the month with 28 franchise stores after opening additional stores in Ottawa's Orleans and South Keys neighborhoods and in Toronto's Beaches neighborhood. The franchise Spiritleaf retail cannabis stores are located in Toronto (9), Ottawa (5), Guelph, Stittsville, London, Scarborough, Burlington, Waterdown, Collingwood, Stratford, Hamilton, Oshawa, Owen Sound, Barrie, Ancaster, and Kemptville.

A total of 44 Spiritleaf locations (5 corporate and 39 franchise) have been posted on the Alcohol and Gaming Commission of Ontario ("**AGCO**") website with their Retail Store Authorizations application status reported. Additional applications for Retail Store Authorizations have been submitted and continue to be processed.

Newfoundland and Labrador:

Spirit Leaf's franchisee in Newfoundland and Labrador, a wholly owned subsidiary of Atlantic Cultivation Limited, continued to operate 4 franchise Spiritleaf retail cannabis stores during the month. The franchise Spiritleaf retail cannabis stores are located in St. John's on Topsail Road, in the Goulds neighborhood just southeast of St. John's, in the Windsor neighborhood of Grand Falls, and in the town of Gander. An additional store is under construction and being prepared for opening in St. John's.

2. Provide a general overview and discussion of the activities of management.

Management was focused on several key initiatives:

- a) Preparing and mailing the management information circular for the special meeting of shareholders of the Issuer scheduled to be held on July 14, 2021. The special meeting is being held to obtain shareholder approval of the previously announced plan of arrangement with Sundial Growers Inc. ("**Sundial**"), pursuant to which Sundial will acquire all of the issued and outstanding common shares of the Issuer ("**Common Shares**"). Please see the Issuer's press releases dated May 5, 2021 and June 17, 2021 for further information.
- b) Preparing and opening Spiritleaf corporate and franchise retail cannabis stores across various provincial jurisdictions;
- c) Selling franchises across Canada and securing additional real-estate for potential locations;
- d) Preparing and supporting Spirit Leaf's franchise partners in all aspects of opening and operating a successful Spiritleaf retail cannabis store, including providing support in the areas of design, construction, staff hiring and training, effective operations, accounting, point of sales systems, merchandising, and product assortment;
- e) Various investor relations activities, including working with investor relations consultants, contacting investment advisors and analysts, and conducting interviews;
- f) Maintaining operations during the current COVID19 pandemic. With substantially all of Spiritleaf cannabis retail stores open during the pandemic, and to ensure the safety of employees and customers, management continued to focus on maintaining health and safety protocols and working with customer service processes such as Spiritleaf Select & Collect; and

- g) Working with provincial regulators and local municipalities to satisfy ongoing operational, licensing and permit requirements.
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.
- None.
4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.
- None.
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.
- During the month, the Issuer entered into a new franchise agreement with non-Related Person for one potential Spiritleaf retail cannabis store in Ontario.
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.
- During the month, the Issuer terminated one franchise agreement with a non-Related Person for one Spiritleaf retail cannabis store in Ontario.
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.
- None.
8. Describe the acquisition of new customers or loss of customers.
- During the month, a total of 278,903 customers were served across the Spiritleaf retail cannabis store network (vs. 267,931 in May).
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.
- None.

10. Report on any employee hiring's, terminations, or lay-offs with details of anticipated length of lay-offs.

Staffing levels remained normal during the month.

11. Report on any labour disputes and resolutions of those disputes if applicable.

There have been no labour disputes.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	1,600,000	Conversion of convertible debentures at \$0.25 per Common Share	n/a
Common Shares	55,000	Exercise of 55,000 incentive stock options at \$0.11 per Common Share	Working capital
Common Shares	12,500	Exercise of 12,500 incentive stock options at \$0.16 per Common Share	Working capital
Common Shares	287,546	Exercise of 287,546 broker warrants, each exercisable into one Common Share and one-half of one common share purchase warrant, at an exercise price of \$0.28 per broker warrant. Each issued common share purchase warrant is exercisable into one Common Share, at an exercise price of \$0.34 per share, until March 31, 2024.	Working capital
Warrants	143,773		Working capital

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.
None.
16. Provide details of any changes in directors, officers, or committee members.
None.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

COVID-19 Preparedness:

The Issuer is closely monitoring the latest developments regarding COVID-19 and will continue to follow the direction of federal, provincial and municipal governments, and public health authorities. The Issuer continues to protect its staff and customers through the adoption of vigorous cleaning standards, implementation of plexi-barriers at the till, the implementation of Select & Collect so customers can order in advance, remote work practices for some support centre employees, active social distancing, and enhanced health and safety protocols across its entire operating environment.

Regulatory Trends:

The AGCO began accepting Retail Operator License applications from prospective retailers on January 6, 2020, followed by Retail Store Authorization applications on March 2, 2020. Retail Store Authorizations from this open application process were being issued at an initial rate of approximately 5 per week, which was subsequently increased to the current pace of 30 per week. Retail operators may own a maximum of 30 cannabis stores until September 2021, at which time the maximum will increase to 75 stores.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated July 8, 2021

Darren Bondar

Name of Director or Senior Officer

"Darren Bondar"

Signature

President, CEO and Director

Official Capacity

<i>Issuer Details</i>	For Month End	Date of Report
Name of Issuer <i>Inner Spirit Holdings Ltd.</i>	June 2021	YY/MM/DD <i>21/07/08</i>
Issuer Address <i>#102, 5740 – 2nd Street SW</i>		
City/Province/Postal Code <i>Calgary/Alberta/T2H 1Y6</i>	Issuer Fax No. <i>N/A</i>	Issuer Telephone No. <i>(403) 930-9300</i>
Contact Name <i>Darren Bondar</i>	Contact Position <i>CEO</i>	Contact Telephone No. <i>403-930-9300 (ext. 503)</i>
Contact Email Address darren.bondar@spiritleaf.ca	Web Site Address www.innerspiritholdings.com	