



**FORM 7**  
**MONTHLY PROGRESS REPORT**

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

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

Number of Outstanding Listed Securities: 235,407,220 common shares,  
10,000 convertible debentures.

Date: As of November 30, 2020

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 two wholly-owned subsidiaries, Spirit Leaf Corporate Inc. ("**Spirit Leaf Corporate**") and Spirit Leaf Ontario Inc. ("**Spirit Leaf Ontario**"), and its non-wholly owned subsidiary, Spirit Leaf Macleod Inc. ("**Spirit Leaf Macleod**"), and included supporting the opening and operating of Spiritleaf franchise retail cannabis stores through its wholly-owned 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 at November 30, 2020, an aggregate of 65 (vs. 64 in October) corporate and franchise Spiritleaf retail cannabis stores were open and operating across Canada. The Spiritleaf retail cannabis store network includes locations in Alberta, British Columbia, Saskatchewan, Ontario and Newfoundland and Labrador.

### ***British Columbia:***

Franchise partners operated 6 (vs. 6 in October) Spiritleaf locations in British Columbia, in Vernon, Penticton, Maple Ridge, Castlegar, Kelowna, and West Kelowna, during the month of October.

A new location planned for Langley, British Columbia by an existing British Columbia franchise partner, which has been conditionally approved by the Liquor & Cannabis Regulation Branch and for which a municipal development permit application has been submitted to the City of Langley, continued to wait for its municipal development permit.

The Issuer continued to seek one additional corporate or franchise opportunity 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 of November, the Spiritleaf brand remained the top retail cannabis store licence holder in Alberta with an aggregate of 42 licences held by corporate and franchise Spiritleaf retail cannabis stores.

Spirit Leaf Corporate operated 9 corporate Spiritleaf retail cannabis stores during the month of November. These stores are located in Edmonton's Old Strathcona neighborhood on Whyte Avenue, Edmonton's Gameau neighborhood on Whyte Avenue, Edmonton's Parsons Place, Calgary's Beltline neighborhood on 10th Avenue SW, Calgary's 17th Ave Retail and Entertainment District on 17<sup>th</sup> Avenue SW, Canmore on Old Canmore Road, Jasper National Park, Fort McMurray's Peter Pond Mall and along the main drag of 6<sup>th</sup> Ave in Lethbridge.

Spirit Leaf Macleod, a non-wholly owned subsidiary of the Issuer, 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.

During the month of November, Spirit Leaf's franchise partners operated 31 Spiritleaf franchise retail cannabis stores in Alberta. Spirit Leaf franchise partners continue to work with Alberta Gaming, Liquor and Cannabis ("**AGLC**") on final approvals of their municipally approved Alberta locations that are in various stages of development.

***Saskatchewan:***

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

Spirit Leaf Corporate has previously conditionally secured two potential locations in Saskatoon and one potential location in Regina. In September 2020, Spirit Leaf Corporate submitted permit applications to the Saskatchewan Liquor and Gaming Authority (the "**SLGA**") for these locations.

***Manitoba:***

Spirit Leaf Corporate received confirmation from Manitoba Liquor & Lotteries ("**MLL**") regarding the final conditions that must be met to receive its Age-Restricted License to operate a stand-alone corporate store in Winnipeg.

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 and has sold an initial two franchises or the City of Winnipeg.

Spirit Leaf has conditionally secured two corporate locations and two franchise locations in Winnipeg.

***Ontario:***

Spirit Leaf Ontario operated 3 corporate Spiritleaf retail cannabis stores during the month of November - one location on Robertson Road in Nepean, one location on Princess Street in Kingston and one in Ambassador Plaza in Windsor.

During the month of November, franchise partners operated 11 Spiritleaf retail cannabis stores in Toronto (4), Guelph, Ottawa, Stittsville, London, Scarborough, Burlington and Waterdown.

As at the end of November, there were a total of 14 Spiritleaf retail cannabis stores operating in Ontario, which included 3 corporate and 11 franchise locations. A total of 30 Spiritleaf locations (5 corporate and 25 franchise) have been posted on the 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:***

During the month of November, Spirit Leaf's franchisee in Newfoundland and Labrador, a wholly owned subsidiary of Atlantic Cultivation Limited, operated a Spiritleaf retail cannabis store on Topsail Road in St. John's, one in the Goulds neighborhood just southeast of St. John's and one in the Windsor neighborhood of Grand Falls. Additional stores that are under construction and being prepared for opening in the province include one in St. John's and one in Gander.

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

Management was focused on several key initiatives:

- a) Preparing and opening Spiritleaf corporate and franchise retail cannabis stores across various provincial jurisdictions;
  - b) Selling franchises across Canada and securing additional real-estate for potential locations;
  - c) 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;
  - d) Various investment relations activities, including working with investor relations consultants, contacting investment advisors and analysts, and conducting interviews;
  - e) 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 focused on maintaining health and safety protocols and working with customer service processes such as Spiritleaf Select & Collect; and
  - f) Working with AGLC, the AGCO, the SLGA, MLL and other 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.

New cannabis 2.0 products were made available for sale in Spiritleaf retail cannabis stores. These products included new types and brands of beverages, edibles, concentrates, tinctures, and vaporizer products.

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.

The Issuer entered into 4 new franchise agreements with non-Related Persons for potential Spiritleaf retail cannabis stores; three in Ontario and one in Alberta.

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 of November, three franchise agreements with non-related Persons were terminated.

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 of November, a total of 243,886 customers were served across the Spiritleaf retail cannabis store network (vs. 246,945 in October).

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 <sup>(1)</sup>
Common shares	75,000	Exercise of options.	\$7,500 working capital purposes

(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 AGLC announced that effective November 1, 2020 it will be removing the previously imposed cap on the number of retail cannabis licences that may be issued in Alberta to a single group of persons (which includes the Spiritleaf brand). As of October 31, 2020, a total of 45 retail cannabis licences, being the maximum number of licences under the AGLC’s current cap, have either been obtained or applied for in respect of existing and proposed Spiritleaf retail cannabis stores. Once the cap is lifted on November 1, 2020, Spirit Leaf Corporate and Spirit Leaf’s franchisees will be able to apply for retail cannabis licences for additional Spiritleaf stores in the province.

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 on September 28, 2020 to 10 per week. The increased rate is anticipated to shorten the length of time that it takes to open a retail cannabis store in Ontario. Until September 30, 2022, retail operators may own a maximum of 30 cannabis stores, increasing to 75 in September 2021.

**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 December 3, 2020

Darren Bondar  
 Name of Director or Senior Officer  
"Darren Bondar"  
 Signature  
President, CEO and Director  
 Official Capacity

<b>Issuer Details</b>		For Month End	Date of Report
Name of Issuer <i>Inner Spirit Holdings Ltd.</i>		<i>November 2020</i>	YY/MM/DD <i>20/12/03</i>
Issuer Address <i>#102, 5740 – 2<sup>nd</sup> 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 <a href="mailto:darren.bondar@spiritleaf.ca">darren.bondar@spiritleaf.ca</a>	Web Site Address <a href="http://www.innerspiritholdings.com">www.innerspiritholdings.com</a>		