



NOT FOR DISTRIBUTION TO THE U.S. NEWSWIRE OR FOR DISSEMINATION IN THE UNITED STATES

FOR IMMEDIATE RELEASE

Inner Spirit Holdings Announces \$8 Million Bought Deal Equity Financing

Canada's largest single-brand cannabis retailer to use proceeds to expand Spiritleaf store network

CALGARY, Alberta (February 17, 2021) – Inner Spirit Holdings Ltd. ("**Inner Spirit**" or the "**Company**") (CSE:ISH), a Canadian company that has established a national network of Spiritleaf cannabis retail stores, today announced it has entered into a letter of engagement with Echelon Wealth Partners Inc. ("**Echelon**") and Cantor Fitzgerald Canada Corporation ("**Cantor**") on behalf of a syndicate of (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase 28,572,000 units of the Company (the "**Units**"), on a "bought deal" basis, at a price per Unit of \$0.28 (the "**Issue Price**") for gross proceeds of \$8,000,160 (the "**Offering**").

Each Unit will consist of one common share of the Company (each a "**Common Share**") and one-half of a common share purchase warrant (each full warrant, a "**Warrant**", and collectively, the "**Warrants**"). Each Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of \$0.34, for a period of 36 months following the closing of the Offering.

The Company has agreed to grant the Underwriters an over-allotment option to purchase up to an additional 15% of the Units at the Issue Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If this option is fully exercised in full, approximately \$1,200,000 in additional proceeds will be raised pursuant to the Offering and the aggregate proceeds of the Offering will be approximately \$9,200,000.

The Company intends to use the net proceeds of the Offering to build out additional corporate Spiritleaf retail cannabis stores in select markets and for strategic, working capital and general corporate purposes.

The closing date of the Offering is scheduled to be on or about March 10, 2021, and is subject to certain conditions including, but not limited to, the completion of formal documentation and the receipt of all necessary approvals, including the approval of the applicable securities commissions or similar securities regulatory authorities and the Canadian Securities Exchange (the "**CSE**").

The Units will be offered in each of the provinces of Canada (except Québec) by way of a short form prospectus to be filed in each of such jurisdictions pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* and may be offered (i) in the United States on a private placement basis to "qualified institutional buyers" pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and (ii) outside of Canada and the United States on a basis which does not require the qualification or registration of any of the Company's securities under domestic or foreign securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, for the account or benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.



About Inner Spirit

Inner Spirit Holdings Ltd. (CSE:ISH) is a franchisor and operator of Spiritleaf recreational cannabis stores across Canada. The Spiritleaf network includes franchised and corporate locations, all operated with an entrepreneurial spirit and with the goal of creating deep and lasting ties within local communities. Spiritleaf aims to be the most knowledgeable and trusted source of recreational cannabis by offering a premium consumer experience and quality curated cannabis products including its Origins private label offering. The Company is led by passionate advocates for cannabis who have years of retail, franchise and consumer marketing experience. Spiritleaf holds a Franchisees' Choice Designation from the Canadian Franchise Association for its award-winning national support centre. The Company's key industry partners and investors include Auxly Cannabis Group Inc. (TSX.V:XLY), HEXO Corp (TSX:HEXO) (NYSE:HEXO), and Prairie Merchant Corporation. Learn more at www.innerspiritholdings.com and www.spiritleaf.ca.

Forward-Looking Information

This news 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 is typically, but not always, identified by the use of words such as "will", "intends", "scheduled", "to be" and "may be" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements regarding: the filing of the short form prospectus in each of the provinces of Canada (except Québec); the completion of the Offering, the intended use of the net proceeds therefrom, and the anticipated closing date thereof; that the Units may be offered in jurisdictions outside of Canada. Such forward-looking information is based on various assumptions and factors that may prove to be incorrect, including, but not limited to, factors and assumptions with respect to: the ability of the Company to complete the Offering on acceptable terms or at all; the receipt of all necessary regulatory and other approvals or consents; the ability of the Company to successfully implement its strategic plans and initiatives and whether such strategic plans and initiatives will yield the expected benefits; and the receipt by the Company of necessary retail cannabis licences, approvals and authorizations from regulatory authorities, and the timing thereof. Although the Company believes that the assumptions and factors on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that it will prove to be correct or that any of the events anticipated by such forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive there from. Actual results could differ materially from those currently anticipated due to a number of factors and risks including, but not limited to: conditions in the cannabis industry; fluctuations in market conditions, including in securities markets; economic factors; the risk that the Offering will not be completed as anticipated or at all, including the risk that the Company will not receive the approvals necessary in connection with the Offering; the risk that the Company is not able to open additional corporate Spiritleaf retail cannabis stores as anticipated or at all; the ability of management to execute its business strategy, objectives and plans; and the impact of general economic conditions and the COVID-19 pandemic in Canada. Additional information regarding risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2019 dated February 12, 2021. The forward-looking information included in this news release is made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable law.

For further information

Darren Bondar, President and CEO

Email: invest@spiritleaf.ca

Phone: 1 (403) 930-9300

www.innerspiritholdings.com