



FOR IMMEDIATE RELEASE

Inner Spirit Holdings Surpasses \$100 Million System-Wide Retail Sales¹ Milestone in 2020 through its Spiritleaf Cannabis Retail Store Network

Canada's largest single brand network of recreational cannabis stores set to open industry-leading 70th Spiritleaf location to begin 2021

CALGARY, Alberta (January 7, 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 achieved \$105 million in system-wide retail sales¹ and served approximately 2.3 million customers in 2020. The Company also continues to be active with a Spiritleaf store opening in Edmonton (Gateway) on December 28, 2020 and store openings planned for Hamilton (Downtown) on January 8 and Toronto (Stock Yards) on January 15. Please visit www.spiritleaf.ca for further information on store openings, locations, operating hours and the safety measures in place during the COVID-19 pandemic.

“Surpassing the \$100 million system-wide retail sales¹ milestone for 2020 is such an impressive achievement for the Spiritleaf network, our franchise partners and employees. We made significant progress on our business strategy as we opened a new Spiritleaf store every 14 days on average last year to serve local communities and share our knowledge and expertise with customers. We expect 2021 will be just as eventful as we plan to increase our store-opening cadence and enter new markets, all while operating safely during the ongoing pandemic. We look forward to continuing our strong business performance and continuing to earn the support and commitment from our customers, franchise partners, employees, strategic partners and shareholders,” said Darren Bondar, President and CEO of Inner Spirit.

The Company plans to report its fourth quarter and full year 2020 financial results in early April 2021. With the \$105 million in system-wide retail sales¹ reflecting the sales from both franchised and corporate-owned stores in 2020, the Company is projecting annual revenue of approximately \$26 million (comprised of royalties from Spiritleaf franchisees and the sales from corporate-owned stores along with other items), a gross margin range of 46% to 48%, and approximately \$4.7 million in cash on hand as of December 31, 2020.

The new Spiritleaf stores in Edmonton, Hamilton and Toronto bring the number of locations to 70 across the country – the most cannabis stores being operated by any single brand retailer in Canada. Of these stores, 57 are franchised and 13 are corporate-owned. Additional Spiritleaf store locations to open in 2021 have been conditionally secured in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Newfoundland and Labrador. The Company intends to be operating more than 100 Spiritleaf stores by the end of 2021, with approximately 80 franchised and over 20 corporate-owned.

Due to the pandemic and with various restrictions in certain provinces, Spiritleaf stores are operating with enhanced customer service processes to ensure the safety of employees and customers. Spiritleaf’s Select & Collect service enables customers to pre-shop and order online prior to pick-up in store or curbside or via delivery where permitted. Customers can also connect with their local Spiritleaf store through The Collective customer benefits program to further streamline and individualize their shopping experience. The fast-growing and popular Collective program has over 185,000 members.

¹ System-wide retail sales is a Non-IFRS financial measure. For more detail, see the “Non-IFRS Financial Measures” section below.



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. 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.

Non-IFRS Financial Measures

In this news release, the Company reports "system-wide retail sales", a financial measure that is not determined or defined in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). Such financial measures do not have standardized meanings prescribed by IFRS and Inner Spirit's methods of calculating these financial measures may differ from methods used by other companies. Accordingly, such non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies. These measures are provided as additional information to complement IFRS by providing a further understanding of operations from management's perspective and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

System-wide retail sales represents the sum of the revenue reported to Inner Spirit by (i) franchisees of Spiritleaf retail cannabis stores and (ii) Company-owned Spiritleaf retail cannabis stores. This measure is useful to management and the investment community 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 and the strength of the Company's market position relative to its competitors.

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 in this news release includes, but is not limited to: (i) a statement regarding additional store locations to open in the coming months being conditionally secured in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Newfoundland and Labrador; (ii) the total number of stores the Company expects to be operating in 2021; (iii) the projected annual revenue, gross margin and cash on hand figures; and (iv) the timing for the release of the financial statements. 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 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 and its franchise partners of necessary licences 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 therefrom. 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 the Company and its franchisees do not receive the necessary retail cannabis licences or that they are not able to open additional retail cannabis stores as anticipated or at all; the ability of management to execute its business strategy, objectives and plans; the availability of capital to fund the build-out and opening of corporate and franchised retail cannabis stores; and the impact of general economic conditions and the COVID-19 pandemic in Canada. 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

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