



FOR IMMEDIATE RELEASE

Inner Spirit Holdings Announces Expansion Program for Spiritleaf Retail Cannabis Stores in Ontario Market

Company adds Strategic Investor to reduce Licensed Producers' ownership stake, applies for Retail Store Authorizations for new Spiritleaf locations in Ontario, and enters agreement to acquire Kingston Spiritleaf Store

CALGARY, Alberta (March 9, 2020) – Inner Spirit Holdings Ltd. (“**Inner Spirit**” or the “**Company**”) (CSE:ISH), a Canadian company establishing a national network of retail cannabis stores under its Spiritleaf brand, today announced it has added an investment from Prairie Merchant Corporation (“**Prairie Merchant**”), submitted (along with its franchise partners) applications to the Alcohol and Gaming Commission of Ontario (“**AGCO**”) for 24 Retail Store Authorizations (“**RSAs**”) for Spiritleaf franchised and corporate-owned store locations in Ontario, and entered into an agreement to acquire the Kingston, Ontario Spiritleaf-branded store from its current owner.

“We are planning to effectively pursue growth in the Ontario market. We have developed a brand and franchise model that generates a strong customer following in local communities and can move efficiently into new markets. The additional investment and support from well-known cannabis investor W. Brett Wilson will enable us to extend our Spiritleaf network into Ontario with franchised and corporate-owned locations just as we have done in Alberta, British Columbia and Saskatchewan. We expect to grow our footprint in Ontario using the same skills, dedication and focus we bring to our other markets in Canada. Our corporate store expansion in Ontario got a jumpstart today as we entered into an agreement to purchase the Kingston Spiritleaf store which had been opened and operated by an Ontario lottery winner,” said Darren Bondar, President and CEO of Inner Spirit.

STRATEGIC INVESTOR — PRAIRIE MERCHANT CORPORATION

The investment by Prairie Merchant, a company controlled by W. Brett Wilson, was comprised of (a) a private placement offering (the “**Offering**”) by the Company to Prairie Merchant of 6,000,000 common shares of the Company (“**Common Shares**”), at a price per Common Share of \$0.10, for aggregate gross proceeds of \$600,000; and (b) purchase by Prairie Merchant of another 6,000,000 Common Shares from a licensed producer (a “**LP**”). The Common Shares issued under the Offering are subject to a four month hold period in accordance with applicable securities laws. Funds will be used to build additional corporate stores in Ontario and for general working capital purposes. Following completion of the transactions, Prairie Merchant now owns over 12,000,000 Common Shares, representing approximately 5.4% of the issued and outstanding Common Shares.

Additionally, a number of the Company’s LP shareholders have cancelled or agreed to cancel an aggregate of 15,441,177 outstanding Common Share purchase warrants that effectively reduces the ownership of the Company by LPs to less than 25%. This strategic action enables the Company to be eligible to apply for a Retail Operator Licence (“**ROL**”) and to submit applications for RSAs for corporate-owned Spiritleaf retail cannabis stores throughout Ontario.



APPLICATIONS FOR RETAIL STORE AUTHORIZATIONS IN ONTARIO

The Company, along with its franchisees, have submitted applications for RSAs for 24 new retail cannabis store locations in Ontario with AGCO. A majority of the applications are for franchised locations, with six corporate-owned stores being proposed or available for sale to local franchise partners. The Company believes these locations represent some of the best-quality real estate options available in the province.

Franchises:

Woodview Place, Burlington	Wellington West, Ottawa	Lawrence Avenue, Don Mills
Bloor West Village, Toronto	Queen Street West, Toronto	Scarborough, Toronto
St. Clair, Toronto	Cabbagetown, Toronto	Little Italy, Toronto
Masonville Place, London	Balsam Street, Collingwood	King Street, Hamilton
Edinburgh Marketplace, Guelph	Village Plaza, Waterdown	Hog's Back Plaza, Ottawa
Stitsville, Ottawa	Taunton Square, Oshawa	Regency Plaza, Stratford

Corporate-owned (or available to local franchise partners):

Robertson Centre, Ottawa	Cataraqui Centre, Kingston	Fairway Centre, Kitchener
Wellington Southdale, London	Ambassador Plaza, Windsor	Grantham Plaza, St. Catharines

“The majority of our planned locations in Ontario will be franchise owned which fits with our business model. We also believe the benefits of franchising are well aligned with the policy objectives of the Ontario government in crafting their retail cannabis laws, namely to support and protect small business. We are a company entirely focused on small business owners serving their local communities with the best retail recreational cannabis experience possible,” said Bondar.

Franchise opportunities are currently available across Ontario and prospective cannabis retail operators who have applied or received their ROL are invited to learn more about Spiritleaf and apply at <https://innerspiritholdings.com/franchise/>.

ACQUISITION – KINGSTON SPIRITLEAF STORE

On March 6, 2020, the Company entered into a binding asset purchase agreement to acquire the existing Kingston Spiritleaf-branded store currently being operated under a retail agreement with an Ontario lottery winner and ROL holder (the “**Transaction**”). The consideration payable under the Transaction is anticipated to equal \$277,618.67 plus the value of any inventory and prepaid amounts, and is to be paid substantially by set-off against outstanding indebtedness owed by the licensee to the Company. The Transaction is subject to various customary covenants and conditions, including a condition to the benefit of the Company that it obtains an ROL and an RSA from the AGCO in respect of the store.

It is anticipated the store will be corporate-owned effective May 1, 2020 once covenants and conditions are satisfied. The store opened on April 1, 2019 and was one of the first in Ontario from the first wave of lottery winners to do so. It has generated more than \$7 million in retail sales in its first 11 months of operations.

The Spiritleaf retail cannabis store network currently includes 46 open and operating franchised, licensed and corporate-owned stores in Alberta, British Columbia, Saskatchewan and Ontario. Please visit www.spiritleaf.ca for further information on store locations, operating hours and future opening dates.



About Inner Spirit

Inner Spirit Holdings Ltd. (CSE:ISH) has established a growing network of recreational cannabis stores across Canada under its Spiritleaf brand. The Spiritleaf network includes franchised and corporate-owned stores as well as an Ontario retail partnership, all operated with an entrepreneurial spirit and with the goal of creating deep and lasting ties within their 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. Key industry partners and shareholders include Auxly Cannabis Group Inc. (TSX.V:XLY), HEXO Corp (TSX:HEXO) and Tilray, Inc. (NASDAQ:TLRY). 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 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 information can be identified by terms such as “planning”, “projecting”, “expect”, “believes”, “will”, “anticipated”, “planned”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Examples of such statements include, but are not limited to, statements with respect to: the Company planning to effectively pursue growth in the Ontario market; the investment from Prairie Merchant enabling the Company to extend its Spiritleaf network into Ontario with franchised and corporate-owned stores; the Company's expectation of growing its footprint in Ontario; the Company's strategic action enabling it to apply for an ROL and to submit applications for RSAs for corporate-owned Spiritleaf retail cannabis stores throughout Ontario; the majority of the Company's planned locations in Ontario being franchise owned; the Transaction, the consideration payable thereunder and the payment thereof; and the Company's anticipation that the Kingston Spiritleaf-branded store will be corporate-owned effective May 1, 2020 once covenants and conditions are satisfied. 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 or its franchisees do not receive ROLs or RSAs or are not able to open additional retail cannabis stores in Ontario; the risk that the Company will not be eligible to apply for an ROL and/or to submit applications for RSAs for corporate-owned Spiritleaf retail cannabis stores in Ontario; the conditions to the Transaction not being met or waived, the Transaction not closing as anticipated or at all, and if the Transaction closes, that the benefits thereof will not be as anticipated; and other factors and risks outside of the Company's control. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Although the Company believes that the expectations and assumptions 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 they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. 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 unless required by applicable securities legislation.

For further information

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