AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

EXPRESSED IN UNITED STATES DOLLARS

The accompanying audited annual consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management.

These financial statements for Planet 13 Holdings Inc. are also included in the Form 10-K for the year ended December 31, 2024, filed on SEDAR+ on March 26, 2025, in its entirety.

PLANET 13 HOLDINGS INC.
Index to Financial Statements

DAVIDSON & COMPANY LLP Chartered Professional Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Planet 13 Holdings Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Planet 13 Holdings Inc. (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2024 and 2023, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Planet 13 Holdings Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2019.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada — Chartered Professional Accountants

March 26, 2025

A member of Nexia International
1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

PLANET 13 HOLDINGS INC.
Consolidated Balance Sheets
(In United States Dollars)

		December 31, 2024		December 31, 2023
ASSETS				
Current Assets:				
Cash	$	**23,384,493**	$	11,831,008
Restricted Cash		**2,050,584**		5,450,584
Accounts Receivable		**1,473,156**		1,195,927
Inventory		**22,821,994**		15,760,648
Asset held for sale		**-**		9,000,000
Prepaid Expenses and Other Current Assets		**4,568,816**		4,072,820
Total Current Assets		**54,299,043**		47,310,987
Property, Plant and Equipment		**63,511,423**		67,551,697
Intangible Assets and Goodwill		**48,763,931**		15,253,797
Right of Use Assets - Operating		**38,229,399**		20,054,369
Long-term Deposits and Other Assets		**1,033,758**		869,853
Deferred Tax Asset		**896,525**		706,038
TOTAL ASSETS	$	**206,734,079**	$	151,746,741
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Current:				
Accounts Payable	$	**7,421,921**	$	2,850,922
Accrued Expenses		**7,285,415**		6,097,641
Income Taxes Payable		**139,480**		4,782,538
Notes Payable - Current Portion		**8,681,684**		884,000
Operating Lease Liabilities		**1,818,588**		674,594
Total Current Liabilities		**25,347,088**		15,289,695
Long-Term Liabilities:				
Operating Lease Liabilities		**46,448,666**		25,271,706
Other Long-term Liabilities		**1,220,722**		33,000
Uncertain Tax Positions		**19,321,475**		-
Deferred Tax Liability		**1,682,207**		3,511,559
Total Liabilities		**94,020,158**		44,105,960
Shareholders' Equity				
Common Stock, no par value, 1,500,000,000 shares authorized, 325,163,800 issued and outstanding at December 31, 2024 and 223,317,270 at December 31, 2023		**-**		-
Preferred Stock, no par value, 50,000,000 shares authorized, 0 issued and outstanding at December 31, 2024 and 0 at December 31, 2023		-		-
Additional Paid-In Capital		**368,821,339**		315,951,343
Deficit		**(256,107,418)**		(208,310,562)
Total Shareholders' Equity		**112,713,921**		107,640,781
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	**206,734,079**	$	151,746,741

The accompanying notes are an integral part of these consolidated financial statements.

PLANET 13 HOLDINGS INC.
Consolidated Statements of Operations and Comprehensive Loss
(In United States Dollars, except share amounts)

	December 31, 2024	December 31, 2023
Revenues, net of discounts	$ 116,408,966	$ 98,505,170
Cost of Goods Sold	(60,298,520)	(53,682,026)
Gross Profit	56,110,446	44,823,144
Expenses:		
General and Administrative	51,171,892	42,421,172
Sales and Marketing	5,805,721	5,368,473
Lease Expense	4,511,997	3,105,996
Impairment loss	21,275,942	46,846,866
Depreciation and Amortization	8,860,921	8,180,465
Total Expenses	91,626,473	105,922,972
Loss From Operations	(35,516,027)	(61,099,828)
Other Income (Expense):		
Interest income (expense), net	(333,082)	195,722
Foreign exchange gain (loss)	(14,942)	3,653
Change in fair value of warrant liability	-	18,127
Provision for stolen funds	-	(2,000,000)
Other Income, net	257,438	807,023
Total Other Income (Expense)	(90,586)	(975,475)
Loss Before Provision for Income Taxes	(35,606,613)	(62,075,303)
Provision For Income Taxes		
Current Tax expense	(14,210,082)	(9,868,881)
Deferred Tax recovery (expense)	2,019,839	(1,664,574)
	(12,190,243)	(11,533,455)
Net Loss and Comprehensive Loss	$ (47,796,856)	$ (73,608,758)
Loss per Share		
Basic and diluted loss per share	$ (0.16)	$ (0.33)
Weighted Average Number of Shares of Common Stock		
Basic and diluted	292,166,589	221,964,287

The accompanying notes are an integral part of these consolidated financial statements.

PLANET 13 HOLDINGS INC.
Consolidated Statements of Changes in Shareholders' Equity
(In United States Dollars, except share amounts)

	Number of Common Stock	Number of Warrants	Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2022	220,470,061	295,838	$ 312,023,359	$ (134,701,804)	$ 177,321,555
Expirations	-	(295,838)	-	-	-
Share based Compensation - RSUs	-	-	2,520,407	-	2,520,407
Share based Compensation - RSUs - Taxes Paid in Lieu of Share Issuance	-	-	(267,529)	-	(267,529)
Shares Issued on Settlement of RSUs	783,832	-	-	-	-
Shares Issued on Exercise of Purchase Option-Illinois License	1,063,377	-	946,406	-	946,406
Shares Issued on SDC Settlement	1,000,000	-	728,700	-	728,700
Net Loss for the Year	-	-	-	(73,608,758)	(73,608,758)
Balance, December 31, 2023	223,317,270	-	$ 315,951,343	$ (208,310,562)	$ 107,640,781
Share based Compensation - RSUs	-	-	180,308	-	180,308
Share based Compensation - RSUs - Taxes Paid in Lieu of Share Issuance	-	-	(45,833)	-	(45,833)
Shares Issued on Settlement of RSUs	1,224,278	-	-	-	-
Proceeds from public offering	18,750,000	18,750,000	11,250,000	-	11,250,000
Share issuance costs	-	-	(1,387,793)	-	(1,387,793)
Shares Issued in VidaCann acquisition	80,564,554	-	42,123,314	-	42,123,314
Finder shares issued in connection with VidaCann acquisition	1,307,698	-	750,000	-	750,000
Net Loss for the Year	-	-	-	(47,796,856)	(47,796,856)
Balance, December 31, 2024	**325,163,800**	**18,750,000**	$ **368,821,339**	$ **(256,107,418)**	$ **112,713,921**

The accompanying notes are an integral part of these consolidated financial statements.

PLANET 13 HOLDINGS INC.
Consolidated Statements of Cash Flows
(In United States Dollars)

	December 31, 2024	December 31, 2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss	$ (47,796,856)	$ (73,608,758)
Adjustments for items not involving cash:		
Share based compensation	180,308	2,520,407
Non-cash lease expense	2,047,680	4,974,644
Depreciation	13,414,690	12,147,052
Change in fair value of warrant liability	-	(18,127)
Deferred tax recovery	(1,829,352)	2,024,355
Lease incentive amortization	(109,109)	(109,902)
Loss on impairment of fixed assets	11,885,063	-
Loss on impairment of ROU assets	3,239,536	-
Loss on impairment of intangible assets	6,151,343	46,846,866
Loss on disposal of intangible assets	762,091	-
Loss on disposal of property and equipment	78,563	180,177
Finders shares issued in VidaCann acquisition	750,000	-
Shares issued for SDC settlement	-	728,700
	(11,226,043)	(4,314,586)
Net Changes in Non-cash Working Capital Items	17,469,125	(3,589,711)
Repayment of lease liabilities	(1,032,183)	(4,141,221)
Total Operating	5,210,899	(12,045,518)
FINANCING ACTIVITIES		
Taxes paid in lieu of share issuance - RSUs	(45,833)	(267,529)
Proceeds from public share issuance, net of share issuance costs	9,862,207	-
Net Cash From VidaCann Acquisition	911,715	-
VidaCann Acquisition-Cash Component	(4,000,000)	-
Total Financing	6,728,089	(267,529)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,044,412)	(8,393,593)
Proceeds from sale of fixed assets	21,000	64,878
Purchase of licenses	-	(866,250)
Proceeds from sale of licenses	8,237,909	-
Total Investing	(3,785,503)	(9,194,965)
NET CHANGE IN CASH DURING THE YEAR	8,153,485	(21,508,012)
CASH AND RESTRICTED CASH		
Beginning of Year	17,281,592	38,789,604
End of Year	$ 25,435,077	$ 17,281,592

Supplemental cash flow information (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations

Planet 13 Holdings Inc. ("P13" or the "Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and continued under the British Columbia Business Corporations Act on September 24, 2019 and on September 15, 2023 completed the Domestication to Nevada.

The Company is a vertically integrated cultivator and provider of cannabis and cannabis-infused products that is licensed under the laws of the States of Nevada, California, Illinois and Florida. We are licensed in these jurisdictions as follows: six Nevada licenses for cultivation (three medical and three adult-use), six Nevada licenses for production (three medical and three adult-use), three Nevada dispensary licenses (one medical and two adult-use), two Nevada licenses for distribution (one active, one conditional), one medical and adult-use dispensary license in California, two distribution licenses in California, one event organizer license in California, one medium indoor cultivation license in California, one non-volatile manufacturing license in California, one Medical Marijuana Treatment Center license in Florida (unlimited medical dispensaries, cultivation and processing) and one adult-use dispensary license in Illinois.

P13 is a public company which is listed on the Canadian Securities Exchange ("CSE") under the symbol PLTH and on the OTCQX exchange under the symbol "PLNH".

The Company's registered and head office address is 2548 W. Desert Inn Road, Suite 100, Las Vegas, NV 89109.

While cannabis and CBD-infused products are legal under the laws of several U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for use under medical supervision.

The federal government currently is prohibited from prosecuting businesses that operate in compliance with applicable state and local medical cannabis laws and regulations; however, this does not protect adult use cannabis. In addition, if the federal government changes this position, it would be financially detrimental to the Company.

2. Basis of presentation

These consolidated financial statements reflect the accounts of the Company and have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulation of the U.S. Securities and Exchange Commission ("SEC") for all periods presented. These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, under the historical cost convention except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These consolidated financial statements are presented in U.S. dollars, which is also the Company's and its subsidiaries' functional currency.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2025.

i) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries. Subsidiaries are entities in which the Company has a controlling voting interest or is the primary beneficiary of a variable interest entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. All intercompany accounts and transactions have been eliminated upon consolidation. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

These consolidated financial statements include the accounts of the Company and the following entities which are subsidiaries of the Company:

Subsidiaries as at December 31, 2024	Jurisdiction of Incorporation	Ownership Interest 2024	Ownership Interest 2023	Nature of Business
MM Development Company, Inc. ("MMDC")	Nevada, USA	100%	100%	Nevada license holding company; vertically integrated cannabis operations
BLC Management Company LLC	Nevada, USA	100%	100%	Management/holding company
LBC CBD LLC ("LBC")	Nevada, USA	100%	100%	CBD retail sales and marketing
Newtonian Principles Inc.	California, USA	100%	100%	California license holding company; cannabis retail sales
Crossgate Capital U.S. Holdings Corp.	Nevada, USA	100%	100%	Holding company
Next Green Wave, LLC	California, USA	100%	100%	California license holding company; cannabis cultivation and processing
Planet 13 Illinois, LLC	Illinois, USA	100%	49%	Illinois license holding company; cannabis retail sales
BLC NV Food, LLC	Nevada, USA	100%	100%	Holding company for By The Slice LLC
By The Slice, LLC	Nevada, USA	100%	100%	Subsidiary of BLC NV Food, LLC; restaurant and retail operations
Planet 13 Chicago, LLC	Illinois, USA	100%	100%	Holding company
Planet 13 Florida, Inc.	Florida, USA	0%	100%	Florida license holding company
Planet 13 Real Prop LLC	Florida, USA	100%	N/A	Holding company
Planet 13 Lifestyles LLC	Nevada, USA	100%	0%	Retail sales of apparel and accessories
VidaCann, LLC	Florida, USA	100%	0%	Florida license holding company
Planet 13 Innovations LLC	Nevada, USA	100%	0%	Intellectual property holding company
Club One Three, LLC	Nevada, USA	100%	N/A	Inactive

ii) Functional currency

These consolidated financial statements are presented in U.S. dollars (“USD”), which is the Company’s and its subsidiaries functional currency.

Foreign currency transactions are remeasured to the respective functional currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured to functional currency at the foreign exchange rate applicable at the statement of balance sheets date. Non-monetary items are carried at historical rates. Non-monetary items carried at fair value denominated in foreign currencies are remeasured to the functional currency at the date when the fair value was determined. Realized and unrealized foreign exchange gains and losses are recognized through profit or loss.

iii) Emerging growth company

The Company is an "Emerging Growth Company", as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and it has taken advantage of certain exemptions that are not applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new, or revised financial reporting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable.

The Company has elected not to opt out of such extended transition period which means that when a standard is issued, or revised and it has different application dates for public and private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

3. Significant accounting policies

(a) Cash

Cash is comprised of cash deposits in financial institutions plus cash held at its retail locations, other deposits that are readily convertible to cash, as well as any restricted cash.

Restricted Cash

Restricted cash is comprised of $2,050,584 in funds held by the Orange County, Sheriff's Office in the matter described in Note 21.

(b) Inventory

Inventory is comprised of raw materials, finished goods, packaging and miscellaneous supplies and work-in-progress. Cost includes expenditures directly related to the cultivation and manufacturing process as well as suitable portions or related production overheads, based on normal operating capacity. Cannabis: Inventory cost includes pre-harvest, post-harvest and shipment and fulfillment, as well as related accessories. Pre-harvest costs include labor and direct materials to grow cannabis, which includes water, electricity, nutrients, integrated pest management, growing supplies and allocated overhead. Post-harvest costs include costs associated with drying, trimming, blending, extraction, purification, quality testing and allocated overhead. Shipment and fulfillment costs include the costs of packaging, labeling, courier services and allocated overhead. Inventory is stated at the lower of cost or net realizable value, determined using weighted average cost. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses may differ from management's estimates and such differences could be material to the Company's balance sheets, statements of operations and comprehensive loss and statements of cash flows.

(c) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Additions and improvements that materially increase the life of the assets are capitalized while maintenance and repairs are expensed as incurred. Significant expenditures, which extend the useful lives of assets or increase productivity are capitalized. When significant parts of one of our property and equipment have different useful lives, they are accounted for as separate items or components of property and equipment. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized in the consolidated statements of operations.

Depreciation is calculated on a straight-line basis over the following expected useful lives:

Land	Not depreciated
Land improvements (in years)	5
Building (in years)	5 – 40
Equipment (in years)	5 – 7
Leasehold improvements	Shorter of estimated useful life or remaining lease term
Construction in progress	Not depreciated

An assets residual value, useful life and depreciation method are reviewed at each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Depreciation of property and equipment commences when the asset is available for use.

Construction in progress includes construction progress payments, deposits, engineering costs and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress in transferred to the relevant class of property and equipment when the assets are available for use, at which point in time the depreciation of the asset commences.

Property and equipment acquired in a business combination is depreciated over the remaining useful life of the asset.

(d) Intangible assets

Intangible assets include licenses acquired as part of business combinations, asset acquisitions and other business transactions. The Company records intangible assets at cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value on the acquisition date.

When there is no foreseeable limit on the period of time over which an intangible asset is expected to contribute to the cash flows of the Company, an intangible asset is determined to have an indefinite life. Indefinite life intangible assets are tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, the Company may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying value, a quantitative impairment test is required to compare the fair value of the asset to its carrying value. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-life intangible asset is impaired by the amount of the excess.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company's intangible assets have an indefinite life.

(e) Goodwill impairment test

In accordance with the accounting standards, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill or an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the asset using a quantitative impairment test, and if impaired, the associated assets must be written down to fair value. The quantitative impairment test for goodwill compares the fair value of a reporting unit with the carrying value of its net assets, including goodwill. If the fair value of the reporting unit is less than the carrying value of the reporting unit, an impairment charge would be recorded to the Company’s operations, for the amount in which the carrying amount exceeds the reporting unit’s fair value. The estimate of fair value requires the use of significant unobservable inputs, representative of a Level 3 fair value measurement. The Company determines fair values for each reporting unit using the income approach, when available and appropriate, the market approach, or a combination of both. The income approach involves forecasting projected financial information (such as revenue growth rates, profit margins, tax rates, working capital and capital expenditures) and selecting a discount rate that reflects the risk inherent in estimated future cash flows. Under the market approach, the fair value is based on observed market data. If multiple valuation methodologies are used, the results are weighted appropriately.

(f) Impairment of long-lived assets

The Company reviews long-lived assets, including property and equipment and definite life intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). When indicators of potential impairment are present the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flows is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

(g) Share-based compensation

The Company has an equity incentive plan which includes issuances of stock options and restricted share units ("RSUs"). From time to time, the Company also enters into share-based compensation agreements with non-employees. The accounting for these arrangements typically aligns with those of employees.

The Company measures and recognizes compensation expense for stock options and RSUs to employees and non-employees on a straight-line basis over the vesting period based on their grant date fair values. Prior to the adoption of ASU 2018 07 on January 1, 2019, the fair value of stock options to non-employees were re-measured at each reporting date until one of either of the counterparty's commitment to perform is established or until the performance is complete. After adopting ASU 2018-07 which made amendments to ASC Topic 718, Stock Compensation, an acquirer measures share-based compensation to non-employees in exchange for goods and services in the same manner as share-based payments to employees, using a fair-value based approach measured at the grant date. This guidance is followed if the acquirer considers the assets and goods to be used or consumed in its own operation. If not, the Company has elected to account for the equity interests issued in accordance with ASC 805, Business Combinations, based on the fair value of the equity interests issued.

The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option pricing model. Determining the estimated fair value of at the grant date requires judgment in determining the appropriate valuation model and assumptions, including the fair value of shares on the grant date, risk-free rate, volatility rate, annual dividend yield and the expected term. The volatility rate is based on historical volatilities of public companies operating in a similar industry to the Company, as well as the Company's historical volatility. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the Government of Canada Bond yields on the date of the option grant with a remaining term equal to the expected life of the options. The Company estimates the fair value of RSUs to be the closing market price of the Company's stock on the grant date.

For stock options granted, the Company uses the fair value of common stock at the date of grant. The Company does not estimate forfeiture rates when calculating compensation expense for stock options or RSUs. The Company records forfeitures as they occur.

Fully vested, non-forfeitable equity instruments issued to parties other than employees are measured on the date they are issued where there is no specific performance required by the grantee to retain those equity instruments. Share-based compensation transactions with non-employees are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Where fully vested, non-forfeitable equity instruments are granted to parties other than employees in exchange for notes or financing receivable, the note or receivable is presented in additional paid-in capital on the balance sheets.

(h) Warrant liability

Warrants are accounted for in accordance with the authoritative accounting guidance in ASC Topic 815, *Derivatives and Hedging – Contracts in Entity's Own Equity* ("ASC 815"), as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreements. Liability-classified instruments are recorded at fair value at each reporting period with any change in fair value recognized as a component of change in fair value of derivative liabilities in the consolidated statements of operations and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are expensed immediately within other income (expense) in the consolidated statement of operations and comprehensive loss. Refer to paragraph (n) below as well as Note 11 for a discussion on the change in the warrant liability value.

(in United States Dollars)

(i) Revenue recognition

The Company earns revenue primarily from the sale of cannabis to eligible retail customers at the Company-owned dispensaries, in addition to the wholesale of cannabis products to dispensary locations. The Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the performance obligations.

In order to recognize revenue, the Company applies the following five (5) steps:

1) Identify the contract with the customer
2) Identify the performance obligation(s)
3) Determine the transaction price
4) Allocate the transaction price to the performance obligation(s)
5) Recognize revenue when/as performance obligation(s) are satisfied

Revenue is recognized when control of the promised goods or services, through performance obligations by the Company, is transferred to the customer in an amount that reflects the consideration it expects to be entitled to in exchange for the performance obligations. More specifically, wholesale revenues are recognized upon delivery and acceptance by wholesale customers. Retail revenues are recognized at the point of sale. Discounts are recorded at the time of revenue recognition. Returns were not material during the years ended December 31, 2024, and 2023, but are recognized when the customer is refunded. Revenues are presented net of discounts and returns. At one of the Company's entities, sales are made on consignment and revenue is not recognized until title passes upon delivery of the product by that distributor to their dispensary customers. Revenue on these sales is recognized upon shipment to the customer.

Sales taxes collected from customers are remitted to the appropriate taxing jurisdictions and are excluded from sales revenue as the Company considers itself a pass-through conduit for collecting and remitting sales taxes. Excise duties that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer are included in revenue. Freight revenues on all product sales, when applicable, are also recognized, on a consistent manner, at a point in time. The term between invoicing and when payment is due is not significant and the period between when the entity transfers the promised good or service to the customer and when the customer pays for that good or service is one year or less.

The following table represents the Company's disaggregated revenue by sales channel:

	December 31, 2024	December 31, 2023
Retail	$ **102,413,526**	$ 81,323,306
Wholesale	**13,995,440**	17,181,864
Net revenues	$ **116,408,966**	$ 98,505,170

Loyalty Points Reward Programs

In certain of its markets, the Company offers a loyalty reward program to its dispensary customers that allows its customers to earn discounts or free product rewards on future purchases. Loyalty points are earned when a qualifying purchase is made. When a customer attains a certain number of points, the customer can redeem the credits on future in-store purchases. Loyalty points expire at the sole discretion of the Company.

A portion of the revenue generated in a sale is allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed.

Deferred Income

Deferred income represents cash payments received in advance of the Company's transfer of control of products or services to its customers and generally consists of unearned revenue from the Company's loyalty programs. The Company's deferred income balances were $2,441,553 and $1,248,595 as of December 31, 2024 and 2023, respectively, and were recorded within accrued expenses in the consolidated balance sheets. During the years ended December 31, 2024 and 2023, the Company recognized $1,977,669 and $1,023,788, respectively, of net revenues from amounts recorded as deferred income. The deferred income balance as of December 31, 2024 is expected to be recognized as revenue within the next twelve months.

The Company determined that no provision for returns or refunds was necessary as at December 31, 2024 or 2023.

(j) Cost of Sales

Cost of sales represents costs directly related to manufacturing and distribution of the Company's products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, the depreciation of certain property, plant and equipment, and tariffs. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance, and property taxes. Cost of sales also includes inventory valuation adjustments. The Company recognizes the cost of sales as the associated revenues are recognized.

(k) Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and right-of-use liabilities (current and non-current) in the balance sheets. Finance lease ROU assets and ROU liabilities (current and non-current), if any, are included finance lease in the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are classified as a finance lease or an operating lease. A finance lease is a lease in which 1) ownership of the property transfers to the lessee by the end of the lease term; 2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise; 3) the lease is for a major part of the remaining economic life of the underlying asset; 4) The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already included in the lease payments equals or exceeds substantially all of the fair value; or 5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. The Company classifies a lease as an operating lease when it does not meet any one of these criteria.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the ROU assets, resulting in a front-loaded expense pattern. ROU assets are amortized based on the lesser of the lease term and the useful life of the leased asset according to the property and equipment accounting policy. If ownership of the ROU assets transfers to the Company at the end of the lease term or if the Company is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset, according to the property and equipment accounting policy. For operating leases, the lease expenses are generally recognized on a straight-line basis over the lease term and recorded to lease expenses or, in the case of leases directly related to the cultivation of cannabis, in cost of goods sold in the statements of operations and comprehensive loss.

The Company has elected to apply the practical expedient, for each class of underlying asset, except real estate leases, to not separate non-lease components from the associated lease components of the lessee's contract and account for both components as a single lease component.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Short-term leases include real estate and vehicles and are not significant in comparison to the Company's overall lease portfolio. The Company continues to recognize the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(l) Income taxes

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the asset and liability method of accounting for income taxes under ASC 740 *Income Taxes*. Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the consolidated financial statements, and the corresponding tax base used in the computation of income for tax purposes ("temporary difference") and measured using the enacted tax rates and laws as at the balance sheet date that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Management assesses the likelihood that a deferred tax asset will be realized, and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized. If it is subsequently determined that the Company will be able to realize deferred tax assets in excess of the net recorded amount, then the valuation allowance will be adjusted accordingly in the period in which this determination is made. Current tax is recognized in connection with income for tax purposes, unrecognized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. An unrecognized tax benefit may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrecognized tax benefit is reflected in the period during which the change occurs.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations and comprehensive loss as a component of income taxes but as a component of interest expense.

As the Company operates in the cannabis industry, it is subject to the limits of U.S. Internal Revenue Code ("IRC") Section 280E ("Section 280E") under which the Company is only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

(m) Sales and marketing expenses

The Company expenses sales and marketing costs when incurred. Sales and marketing expense was $5,805,721 for the year ended December 31, 2024 (2023 - $5,368,473).

(n) Fair value measurements

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurement for invested assets are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Levels 1, 2 or 3). The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The carrying value of the Company’s cash, restricted cash, accounts receivable, deposits, accounts payable, accrued expenses, and notes payable approximate their fair value due to their short-term nature. Warrant liability is measured based on level 1 inputs (Note 11).

The Company's prepaid expenses and other current assets, long lived assets, including property, plant and equipment, intangible assets and goodwill are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

(o) Loss per share

Basic net loss per share is computed by dividing reported net loss by the weighted average number of shares of common stock outstanding for the reported period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock of the Company during the reporting period. Diluted earnings per share is computed by dividing net loss by the sum of the weighted average number of shares of common stock and the number of potentially dilutive common share equivalents outstanding during the period. Potential dilutive common share equivalents consist of the incremental common stock issuable upon the exercise of vested share options. When the Company is incurring losses, basic and diluted loss per share are the same since including the exercise of outstanding options and warrants in the diluted loss per share calculation would be antidilutive.

(p) Reportable Segment Information

Management has determined that the Company functions as a single operating segment, and thus reports as a single reportable segment. This determination is based on rules prescribed by GAAP applied to the manner in which management operates the Company. In particular, management assessed the discrete financial information routinely reviewed by the Company’s chief operating decision maker (“CODM”), its Co-Chief Executive Officers, to monitor the Company’s operating performance and support decisions regarding allocation of resources to its operations.

Specifically, performance is continuously monitored at the consolidated level as the Company is engaged in essentially the same business, which consists of cultivation, production, and sale of cannabis products, either for medicinal-use and/or adult-use, depending on applicable state laws and regulations. The CODM evaluates the financial performance of the Company primarily by evaluating revenue (as disclosed on the consolidated statements of operations), adjusted EBITDA (a non-GAAP measure), and cash provided by operating activities (as disclosed on the consolidated statements of cash flows) to assess the Company's results and in the determination of allocating resources.

The CODM may use disaggregated revenue metrics to evaluate product pricing, store count, and customer retention, among other things. The significant expenses reviewed by the CODM are cost of goods sold, sales and marketing expenses, and general and administrative expenses as presented on the consolidated statements of operations.

As at December 31, 2024 and 2023, all of the Company’s assets were located in the United States and 100% of the Company’s revenue was generated in the United States.

(q) Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with GAAP requires the Company’s management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Financial statement areas that require significant judgments are as follows:

Estimated useful lives and depreciation of property and equipment, right-of-use assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. Impairment of definite long-lived assets is influenced by judgment in defining a an asset group and determining the indicators of impairment, and estimates used to measure impairment losses. Refer to Notes 6, 7 and 8 for further information.

Leases

The Company applies judgement in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease.

The Company determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Asset Impairment

The Company evaluates the recoverability of long-lived assets, including property, plant and equipment, ROU assets, goodwill and other identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. The fair value of the long-lived assets included in an impaired asset group may be determined using an income, market, or cost approach, or a combination thereof. The income approach utilizes assumptions including management's best estimates of the expected future cash flows and the estimated useful life of the asset group. The cost approach utilizes assumptions for the current replacement costs of similar assets adjusted for estimated depreciation and deterioration of the existing equipment and economic obsolescence. The market approach requires the use of judgment in evaluating market comparable assets. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. The fair value measurements for the asset group fair values represent Level 3 measurements.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $17,118,954 associated with property, plant and equipment, ROU assets and the retail license for its Orange County, California dispensary as the fair value of these assets based on management's expected future cash flows equal $0.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $1,763,901 associated with property, plant and equipment and ROU assets related to its cultivation facility in Beatty Nevada. Due the expected closure of this facility, management's expected future cash flows equal $0.

During the year ended December 31, 2024 the Company recorded an impairment charge of $2,393,087 associated with property plant and equipment related to an abandoned cultivation project in Florida. The fair value of these assets was determined to be $400,000 based on management's expected future cash flows.

During the year ended December 31, 2023 the Company recorded an impairment charge of $46,846,866 associated with a Florida license as the carrying value exceeded the fair value by that amount.

Deferred tax assets and uncertain tax positions

The Company recognizes deferred tax assets and liabilities based on the differences between the consolidated financial statement carrying amounts and the respective tax bases of its assets and liabilities. The Company measures deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Company routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, the Company considers historical results and incorporates assumptions about the amount of future pretax operating income adjusted for items that do not have tax consequences. The Company's assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage its underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income (loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect the Company's best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and the Company's particular facts and circumstances. Although the Company believes that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and the Company may be exposed to losses or gains that could be material. To the extent the Company prevails in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

Key estimates in these consolidated financial statements include:

Share-based compensation

The Company uses the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results. Refer to Note 12 for further information.

Valuation of inventory

Inventory is comprised of raw materials, work-in-progress and finished goods. Cannabis and hemp costs include expenditures directly related to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. At the end of each reporting period, the Company performs an assessment of inventory and records inventory valuation adjustments for excess and obsolete inventories based on the estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. A reserve is estimated to ensure the inventory balance at the end of the year reflects the estimates of product the Company expects to sell in the next year. Changes in the regulatory structure, lack of retail distribution locations or lack of consumer demand could result in future inventory reserves.

(r) Accounting standards update

ASU 2023-07 In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The amendments in the ASU require disclosures to include significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, with early adoption allowed. The Company adopted this guidance as of January 1, 2024, and the adoption did not have a material impact on our consolidated financial statements. Refer to the "Reportable Segment Information," above in this Note 3, Summary of Significant Accounting Policies.

(s) Sale-leaseback transactions

From time to time, the Company may enter into sale-leaseback transactions to finance certain property acquisitions and capital expenditures, pursuant to which the Company sells the property to a third party and agrees to lease the property back for a certain period of time. To determine whether the transfer of the property should be accounted for as a sale, the Company evaluates whether it has transferred control to the third party in accordance with the revenue recognition guidance set forth in ASC 606.

If the transfer of the asset is deemed to be a sale at market terms, the Company recognizes the transaction price for the sale based on the cash proceeds received, derecognizes the carrying amount of the underlying asset and recognizes a gain or loss in the consolidated statements of operations and comprehensive loss for any difference between the carrying value of the asset and the transaction price. The Company then accounts for the leaseback in accordance with its lease accounting policy.

(in United States Dollars)

If the transfer of the asset is determined not to be a sale at market terms, the Company accounts for the transaction as a financing arrangement, and accordingly no asset sale is recognized. The Company retains the historical costs of the property and the related accumulated depreciation on its books and continues to depreciate the property over the lesser of its remaining useful life or its initial lease term. The asset is presented within property and equipment, net on the consolidated balance sheets. All proceeds from these transactions are accounted for as finance obligations and presented as non-current obligations on the consolidated balance sheets. A portion of the lease payments is recognized as a reduction of the financing obligation and a portion is recognized as interest expense based on an imputed interest rate.

(t) Asset held for sale

The Company classifies its long-lived assets and related liabilities to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company no longer records depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

4. Inventory

Finished goods inventory consists of dried cannabis, concentrates, edibles, and other products that are complete and available for sale (both internally generated inventory and third-party products purchased in the wholesale market). Work in process inventory consists of cannabis after harvest, in the processing stage. Packaging and miscellaneous consist of consumables for use in the transformation of biological assets and other inventory used in production of finished goods, non-cannabis merchandise and food and beverage items. The Company's inventory is comprised of:

	December 31, 2024	December 31, 2023
Raw materials	$ **9,768,295**	$ 5,810,800
Packaging and miscellaneous	**1,949,621**	1,758,152
Work in progress	**6,406,679**	3,375,296
Finished goods	**4,697,399**	4,816,400
	$ **22,821,994**	$ 15,760,648

Cost of Inventory is recognized as an expense when sold and included in cost of goods sold. During the year ended December 31, 2024, the Company recognized $60,711,073 (2023 - $53,682,026) of inventory expensed to cost of goods sold.

PLANET 13 HOLDINGS INC.
Notes to the Consolidated Financial Statements
(in United States Dollars)

5. Prepaid expenses and other current assets

	December 31, 2024	December 31, 2023
Security deposits	$ **122,839**	$ 306,561
Advertising and Marketing	**259,113**	27,222
Prepaid rent	**965,043**	410,313
Insurance	**414,570**	779,638
License fees	**1,211,694**	126,923
Miscellaneous	**1,595,557**	2,422,163
	$ **4,568,816**	$ **4,072,820**

6. Property, plant and equipment

	Land and Improvements	Buildings	Equipment	Leasehold Improvements	Construction in Progress	Total
Gross carrying amount						
At December 31, 2022	**6,374,511**	**13,963,025**	**12,799,645**	**63,555,792**	**3,528,703**	**100,221,676**
Additions	279,612	2,081,488	1,286,664	350,940	4,479,049	8,477,753
Transfers	36,984	1,594,852	148,017	644,285	(2,424,138)	-
Disposals	-	-	(390,941)	-	-	(390,941)
At December 31, 2023	**6,691,107**	**17,639,365**	**13,843,385**	**64,551,017**	**5,583,614**	**108,308,488**
Additions	-	1,140,477	3,455,096	8,350,496	8,412,972	21,359,041
Transfers	-	26,786	1,157,443	7,392,523	(8,576,752)	-
Asset Impairments	(625,146)	(1,718,076)	(1,321,587)	(14,940,679)	(2,398,087)	(21,003,575)
Disposals	-	-	(93,206)	-	(62,960)	(156,166)
At December 31, 2024	$ **6,065,961**	$ **17,088,552**	$ **17,041,131**	$ **65,353,357**	$ **2,958,787**	$ **108,507,788**
Depreciation						
At December 31, 2022	**231,522**	**540,648**	**6,333,865**	**21,649,590**	**-**	**28,755,625**
Additions	30,737	373,788	2,615,455	9,127,072	-	12,147,052
Transfers & disposals	-	-	(145,886)	-	-	(145,886)
At December 31, 2023	**262,259**	**914,436**	**8,803,434**	**30,776,662**	**-**	**40,756,791**
Additions	22,184	782,287	2,583,428	10,026,791	-	13,414,690
Asset Impairments	(255,971)	(374,751)	(1,118,722)	(7,369,068)	-	(9,118,512)
Transfers & disposals	-	-	(56,604)	-	-	(56,604)
At December 31, 2024	$ **28,472**	$ **1,321,972**	$ **10,211,536**	$ **33,434,385**	$ **-**	$ **44,996,365**
Carrying amount						
At December 31, 2023	$ **6,428,848**	$ **16,724,929**	$ **5,039,951**	$ **33,774,355**	$ **5,583,614**	$ **67,551,697**
At December 31, 2024	$ **6,037,489**	$ **15,766,580**	$ **6,829,595**	$ **31,918,972**	$ **2,958,787**	$ **63,511,423**

For the year ended December 31, 2024 depreciation expense was $13,414,690 (2023 - $12,147,052) of which $4,553,769 (2023 - $3,966,587) was included in cost of goods sold.

During the year ended December 31, 2024 the Company transferred $8,576,752 (2023 - $2,424,138) of costs from Construction in Progress to Leasehold Improvements, Buildings, Equipment and Land Improvements upon completion of the related projects.

(in United States Dollars)

During the year ended December 31, 2024 the Company disposed of various equipment for proceeds of $21,000 (2023 - $64,878) with a net book value of $99,562 (2023 - $245,055) resulting in a net loss of $78,563 (2023 - net loss of $180,177).

During the year ended December 31, 2024 the Company recorded a full impairment charge of $7,752,871 associated with property, plant and equipment, for its Orange County, California dispensary as the fair value of these assets based on management's expected future cash flows equal $0.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $1,739,105 associated with property, plant and equipment related to its cultivation facility in Beatty Nevada. Due the expected closure of this facility, management's expected future cash flows equal $0.

During the year ended December 31, 2024 the Company recorded an impairment charge of $2,393,087 associated with property, plant and equipment related to building materials for its cultivation facility in Summerfield, Florida. Due the abandonment of this project, the fair value of these building materials is $400,000 based on management's estimation of future cash flows.

7. Intangible assets and goodwill

carrying amount	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Master License Florida	Illinois License	Cultivation Coalinga CA Other Intangibles	Florida MMTC License-VidaCann	VidaCann Goodwill	Other	Total
Balance, December 31, 2022	$ 6,151,343	$ 690,000	$ 709,798	$ 55,846,866	$ -	$ 5,860,000	$ -	$ -	$ 30,000	$ 69,288,007
Additions	-	-	-	-	1,812,656	-	-	-	-	1,812,656
Transfer to held for sale	-	-	-	(9,000,000)	-	-	-	-	-	(9,000,000)
Impairment loss	-	-	-	(46,846,866)	-	-	-	-	-	(46,846,866)
Balance at December 31, 2023	**$ 6,151,343**	**$ 690,000**	**$ 709,798**	**$ -**	**$ 1,812,656**	**$ 5,860,000**	**$ -**	**$ -**	**$ 30,000**	**$ 15,253,797**
Additions	-	-	-	-	-	-	9,000,000	30,661,477	-	39,661,477
Impairment loss	(6,151,343)	-	-	-	-	-	-	-	-	(6,151,343)
Balance at December 31, 2024	**$ -**	**$ 690,000**	**$ 709,798**	**$ -**	**$ 1,812,656**	**$ 5,860,000**	**$ 9,000,000**	**$ 30,661,477**	**$ 30,000**	**$ 48,763,931**

(in United States Dollars)

During the year ended December 31, 2024 the Company recorded a full impairment charge of $6,151,343 associated with the licenses, for its Orange County, California dispensary as the fair value of these licenses based on management's expected future cash flows are equal $0.

During the year ended December 31, 2023 the Company recorded an impairment charge of $46,846,866 associated with the Florida MMTC license as the carrying value exceeded the fair value by that amount due to the planned sale of the license in 2025.

VidaCann Acquisition

On August 28, 2023, the Company entered into a Membership Interest Purchase Agreement ("**Purchase Agreement**") with VidaCann, LLC ("**VidaCann**"), Loop's Dispensaries, LLC ("**Dispensaries**"), Ray of Hope 4 Florida, LLC ("**Ray of Hope**") and Loops Nursery & Greenhouses, Inc. ("**Nursery**" and together with Dispensaries and Ray of Hope, the ("**Sellers**"), David Loop ("**Loop**") and Mark Ascik (together with Loop, the "**Indemnifying Members**") and Loop, solely in his capacity as Seller Representative, pursuant to which, upon the terms and subject to the conditions set forth therein, the Company would acquire from the Sellers all of the membership interests in VidaCann (the "**Transaction**").

On May 9, 2024, the Company acquired 100% ownership interest of VidaCann, LLC. ("**VidaCann**") and accounted for the transaction as a business combination acquisition pursuant to ASC 805.

VidaCann was established in 2003 and was formed for the purpose of cultivating and selling cannabis products in the state of Florida, where it owns and operates a cultivation and manufacturing facility. The Company executed the VidaCann transaction in order to expedite its entrance into the attractive Florida cannabis market with an existing customer base and operational cultivation and manufacturing facilities.

Pursuant to the Purchase Agreement, the Company acquired VidaCann from the Sellers for agreed consideration at closing of the Transaction (the "**Closing**") equal to the sum of: (i) 80,564,554 shares of common stock of the Company (the "**Base Share Consideration**"), plus 1,307,698 shares with a fair value of $750,000 that were issued to VidaCann's industry advisor (the "**VC Advisor**") as acquisition-related costs; (ii) a cash payment of US$4,000,000 (the "Closing Cash Payment"); and (iii) promissory notes issued by the Company to the Sellers in the aggregate principal amount of US$5,000,000, with each of the above components subject to adjustments as set out in the Purchase Agreement. Based on the closing price of the Company's common shares of (CAD$0.9100) US$0.6647 on May 9, 2024 on the Canadian Securities Exchange (the "**CSE**") (based on the Bank of Canada CAD to USD exchange rate on May 9, 2024 of CAD$1.00=US$0.7304), the total consideration was valued at $50,755,443. As contemplated by the definitive agreement, VidaCann continued to have US$3 million of bank indebtedness and US$1.5 million of related party notes to former VidaCann managers at the time of closing, which were assumed by the Company. The Seller of the majority interest in VidaCann also has the right to nominate a director to the Company's board of directors effective the next business day following the Company's 2024 annual meeting of stockholders in June. The Seller has selected David Loop, the former Chief Executive Officer of VidaCann, as its board nominee.

The VidaCann acquisition was deemed to be a business combination under ASC 805. The following table summarizes the allocation of consideration exchanged to the estimated fair value of the tangible and intangible assets acquired:

Consideration paid:

Cash	$	4,000,000
Issuance of 80,564,554 Common Shares		42,123,314
Note Payable to Former VidaCann Shareholders		4,632,129
	$	**50,755,443**
Fair value of net assets acquired:		
Cash	$	911,715
Inventory		7,375,225
Prepaids and other assets		1,869,222
Property, plant and equipment		9,080,072
ROU Assets		21,371,614
Intangible assets		9,000,000
Goodwill		30,661,477
ROU Liabilities		(21,371,614)
Notes Payable		(4,010,582)
Accounts Payable and Accrued Liabilities		(4,131,686)
	$	**50,755,443**

The purchase price allocations for the VidaCann transaction reflect various fair value estimates and analyses relating to the determination of fair value of certain tangible and intangible assets acquired and residual goodwill. The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including market data and management's estimates. The estimated fair value of acquired working capital was determined to approximate carrying value.

The goodwill arising from the VidaCann transaction consists of expected synergies from combining operations of the Company and VidaCann, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes. VidaCann's state cannabis license represented an identifiable intangible asset acquired in the amount of $9,000,000. The VidaCann cannabis license acquired has an indefinite life and as such will not be subject to amortization.

In connection with the VidaCann transaction, the Company expensed $1,020,563 of acquisition-related costs, which have been included in general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2024, and $909,363 for the year ended December 31, 2023. VidaCann contributed revenue, net of discounts, gross profit and net loss of $26,890,356, $14,668,773 and ($1,878,533) included in the Company's Consolidated Comprehensive Net Income (loss) in the year ended December 31, 2024.

PLANET 13 HOLDINGS INC.
Notes to the Consolidated Financial Statements
(in United States Dollars)

The following table reflects the revenue, gross profit and comprehensive loss that would have been reported if the acquisition had occurred at the beginning of the year ended December 31, 2023.

	For the Year Ended December 31, 2023		
	As Reported	VidaCann	Pro Forma
Revenue, net of discounts	$ 98,505,170	$ 34,263,343	$ 132,768,513
Gross Profit	44,823,144	12,574,426	57,397,570
Comprehensive Income (loss) for the year	(73,608,758)	1,502,402	(72,106,356)

Acquisition of 51% Interest in Planet 13 Illinois

On February 7, 2023, the Company purchased the remaining 51% ownership interest in Planet 13 Illinois from a third party pursuant to an option purchase agreement that was entered into between such third party and the Company on August 4, 2022. The aggregate purchase price for the interest was $1,812,656 and consisted of $866,250 in cash consideration and $946,406 in share consideration. The share consideration was comprised of 1,063,377 common shares of the Company at a fair value of C$1.18 (USD $0.89) per common share, which were issued on February 7, 2023.

Florida License

On January 22, 2024, the Company entered into a definitive agreement to sell its Planet 13 Florida, Inc. entity for $9,000,000 which, at the time of sale held no assets other than a Florida medical marijuana treatment center (“MMTC”) license. The value of the Florida license at December 31, 2023 was less than the carrying amount of the license. Consequently, the Company recorded an impairment charge of $46,846,866 against the carrying value of its Florida MMTC license. The impairment loss is reflected in the statement of operations and comprehensive loss under the caption “Impairment Loss.” During the fourth quarter of 2023, the Company committed to a plan to sell its Florida license. Accordingly, the license held by the Company's Florida subsidiary was presented as an asset held for sale on the consolidated balance sheet as of December 31, 2023. The sale of Planet 13 Florida, Inc. was completed on May 6, 2024. Transaction costs incurred for the sale of the license equaled $762,091.

8. Leases

The Company’s lease agreements are for cultivation, manufacturing, retail, and office premises and for vehicles. The property lease terms range between 5 years and 21 years depending on the facility and are subject to an average of 2 renewal periods of equal length as the original lease. Certain leases include escalation clauses or payment of executory costs such as property taxes, utilities, or insurance and maintenance. Rent expense for leases with escalation clauses is accounted for on a straight-line basis over the lease term. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides the components of lease cost recognized in the consolidated statement of operations and comprehensive loss for 2024 and 2023:

PLANET 13 HOLDINGS INC.
Notes to the Consolidated Financial Statements
(in United States Dollars)

	December 31, 2024	December 31, 2023
Operating lease costs	$ **7,773,169**	$ 5,004,484
Short term lease expense	**330,004**	42,671
Total lease costs	$ **8,103,173**	$ 5,047,155

Other information related to operating and finance leases as of and for the year end December 31, 2024 and 2023 are as follows:

	December 31, 2024 Operating Lease	December 31, 2023 Operating Lease
Weighted average discount rate	**15.00%**	15.00%
Weighted average remaining lease term	**7.90**	14.56

The maturity of the contractual undiscounted lease liabilities as of December 31, 2024 and 2023 is:

	2024 Operating Lease	2023 Operating Lease
2024	$ **-**	$ 4,226,472
2025	**8,682,145**	4,318,603
2026	**8,750,185**	4,323,725
2027	**8,805,324**	4,414,249
2028	**8,934,274**	4,585,323
2029	**8,858,495**	4,753,273
2030	**8,109,104**	-
Thereafter	**67,931,257**	46,355,092
Total undiscounted lease liabilities	**120,070,784**	72,976,737
Interest on lease liabilities	**(71,803,530)**	(47,030,437)
Total present value of minimum lease payments	**48,267,254**	25,946,300
Lease liability - current portion	**(1,818,588)**	(674,594)
Lease liability	$ **46,448,666**	$ 25,271,706

All leases relate to real estate.

For the year ended December 31, 2024 the Company incurred $7,773,169 of operating lease costs (2023 - $5,004,484), of which $3,275,515 (2023 - $1,898,488) was allocated to cost of goods sold and inventory.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $3,214,740 associated with ROU assets related to its Orange County, California dispensary as the fair value of these assets based on management's expected future cash flows equal $0.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $24,796 associated with ROU assets related to its cultivation facility in Beatty Nevada. Due the expected closure of this facility, management's expected future cash flows equal $0.

See Note 16 for additional supplemental cash flow information related to leases.

(in United States Dollars)

9. Notes payable

	December 31, 2024	December 31, 2023	Stated Interest Rate	Effective Interest Rate	Maturity Date
Promissory note dated November 4, 2015, with semi-annual interest at 5.0%, secured by deed of trust, due December 1, 2019	**884,000**	884,000	5.0%	5.0%	12/1/2019
Promissory Note to Former VidaCann Shareholders, unsecured with interest accrued at 5.0%, maturity date April 1, 2025	**4,869,695**	-	5.0%(1)	15.0%	4/1/2025
Promissory Note to La Fayette State Bank, unsecured with interest paid monthly at 10%, maturity date February 20, 2025	**2,927,989**	-	10.0%(2)	15.0%	2/20/2025
Promissory Note to VidaCann former managers, unsecured with interest paid monthly at 7.5%, maturity date May 6, 2029	**1,177,722**	-	7.5%(3)	15.0%	5/6/2029
	$ 9,859,406	$ 884,000			
Less current portion	**(8,681,684)**	(884,000)			
	$ 1,177,722	$ -			
Stated maturities of debt obligations are as follows:					
2024	**$ -**	$ 884,000			
2025	**8,681,684**	-			
2026	**-**	-			
2027	**-**	-			
2028	**-**	-			
2029	**1,177,722**	-			
Total	**$ 9,859,406**	$ 884,000			

(1) The Promisory note to former VidaCann Shareholders has a face value of $5,000,000. The Company determined a fair value of $4,632,129 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including accrued interest and amortization of the note discount for the year ended December 31, 2024 equaled $378,662.

(2) The Promisory note to Lafayette State Bank has a face value of $2,947,632. The Company determined a fair value of $2,862,159 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including paid and accrued interest and amortization of the note discount for the year ended December 31, 2024 equaled $260,658.

(3) The Promisory note to VidaCann former managers has a face value of $1,500,000. The Company determined a fair value of $1,148,423 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including paid interest and amortization of the note discount for the year ended December 31, 2024 equaled $98,339.

10. Share capital

The Company is authorized to issue 1,500,000,000 shares of common stock and 50,000,000 shares of preferred stock.

		Common Stock	
		December 31, 2024	December 31, 2023
Common Stock			
Balance at January 1		**223,317,270**	220,470,061
Shares issued on settlement of RSUs	i.	**1,224,278**	783,832
Shares issued on exercise of purchase option (Note 7)	ii.	**-**	1,063,377
Shares issued on legal settlement	iii.	**-**	1,000,000
Shares issued on public offering	iv.	**18,750,000**	-
Shares issued on VidaCann acquisition	v.	**80,564,554**	-
Finders shares issued on VidaCann acquisition	vi.	**1,307,698**	-
Total shares of common stock outstanding on December 31		**325,163,800**	223,317,270

i. Shares issued for Restricted Share Units

During the year ended December 31, 2024, 485,185 RSUs were awarded under the 2023 Equity incentive plan. 185,185 of these RSUs vested (of which 83,333 RSUs were surrendered in exchange for tax withholding payments), 1,224,278 of vested RSUs were settled and no RSUs were cancelled. The Company did not receive any cash proceeds on the settlement of the RSUs.

During the year ended December 31, 2023, the Company issued 783,832 common shares on the settlement of RSUs that had vested during the period. The Company did not receive any cash proceeds on the settlement.

(in United States Dollars)

ii. Shares issued on exercise of purchase option

On February 7, 2023, the Company acquired the 51% ownership interest in Planet 13 Illinois LLC pursuant to an option agreement in exchange for cash consideration and the issuance of 1,063,377 shares of common stock of the Company (See Note 7).

iii. Shares issued on legal settlement

On November 14, 2023, pursuant to a settlement agreement, the Company issued 1,000,000 shares of common stock and paid $300,000 in consideration for settlement of claims advanced by the SDC parties against Next Green Wave Holdings, Inc. As a result of our acquisition of Next Green Wave Holdings Inc. on March 2, 2022, the Company assumed all the liabilities of Next Green Wave Holdings. The value of the shares at time of settlement were CAD$1.00 with an exchange rate of 0.7287 CAD to USD for a total value of $728,700.

iv. Shares issued on public offering

On March 7, 2024, the Company issued and sold 18,750,000 units of the Company (the "Units") at a public offering price of $0.60 per unit (the "Offering"). Each Unit consisted of one share (each, a "Share") of common stock, no par value, of the Company ("Common Stock") and one warrant. Each warrant (a "Warrant") entitles the holder to purchase one share of Common Stock for a period of 5 years following the closing date of the Offering at an exercise price of US$0.77, subject to adjustments in certain events. Total gross proceeds to the Company were approximately US$11.3 million.

v. Shares issued on VidaCann acquisition

On May 9, 2024, the Company issued 80,564,554 shares of common stock of Planet 13 (the "Share Consideration"); see note 7 above for details of the transaction.

vi. Finders shares issued on VidaCann acquisition

On May 9, 2024, the Company issued 1,307,698 shares of common stock of Planet 13 in finders shares related to the VidaCann acquisition; see note 7 above for details of the transaction.

11. Warrants

The following table summarizes the fair value of the warrant liability at December 31, 2024 and 2023:

	2024	2023
Opening balance as at January 1	$ -	$ 18,127
Expirations	$ -	(18,127)
Foreign exchange	-	-
Change in fair value	-	-
Closing balance as at December 31	$ -	$ -

The warrant liability is adjusted to fair value on the date the warrants are exercised and at the end of each reporting period. The amount that is reclassified to equity on the date of exercise is the fair value at that date.

The following table summarizes the number of warrants outstanding at December 31, 2024 and 2023:

	December 31, 2024	**Weighted Average Exercise Price - USD**	**December 31, 2023**	**Weighted Average Exercise Price - CAD**
Balance - beginning of year	-	$ -	5,206,463	$ 8.88
Exercised	-	$ -	-	$ -
Issued	18,750,000	$ 0.77		
Expired	-	$ -	(5,206,463)	$ 8.88
Balance - end of year	18,750,000	$ 0.77	-	$ -

On March 7, 2024, the Company issued and sold 18,750,000 units of the Company (the "Units") at a public offering price of $0.60 per unit (the "Offering"). Each Unit consisted of one share (each, a "Share") of common stock, no par value, of the Company ("Common Stock") and one warrant. Each warrant (a "Warrant") entitles the holder to purchase one share of Common Stock for a period of 5 years following the closing date of the Offering at an exercise price of US$0.77, subject to adjustments in certain events. The warrants expire on March 7, 2029.

(in United States Dollars)

12. Share based compensation

At the 2023 Annual General and Special Meeting, the shareholders of Planet 13 Holdings Inc., a British Columbia corporation ("**Planet 13 BC**") voted to approve and adopt the Planet 13 Holdings Inc. 2023 Equity Incentive Plan (the "**2023 Equity Plan**"), which was contingent upon the completion of the Domestication, and became effective on September 15, 2023. As of September 15, 2023, the Company may not grant any new awards under the Planet 13 Holdings Inc. 2018 Stock Option Plan and Planet 13 Holdings Inc. 2018 Share Unit Plan (collectively, the "**Prior Plans**"), and the Prior Plans will continue to govern awards previously granted under them.

A total of 22,000,000 shares of Common Stock are available for grants under the 2023 Equity Plan and all other security based compensation arrangements of the Company, including the Prior Plans (the "**Total Share Reserve**"). Any outstanding awards under the Prior Plans on the September 15, 2023 count towards the Total Share Reserve. As of September 15, 2023, 1,926,861 awards issued under the Prior Plans remained outstanding and, as of December 31, 2024, a maximum number of 19,587,954 shares of Common Stock are available for issuance under the 2023 Equity Plan, subject to adjustment pursuant to the terms of the 2023 Equity Plan. Terms of the grants, including vesting terms are at the sole discretion of the Compensation Committee.

(a) Stock options

During the years ended December 31, 2024 and 2023

No incentive stock options were granted during the years ended December 31, 2024 and 2023

The following table summarizes information about stock options outstanding at December 31, 2024 and 2023:

Expiry Date	Exercise price CAD$	December 31, 2024 Outstanding	December 31, 2024 Exercisable	December 31, 2023 Outstanding	December 31, 2023 Exercisable
February 27, 2025	$ 1.31	51,525	51,525	51,525	51,525
December 15, 2025	$ 3.06	269,075	269,075	269,075	269,075
September 30, 2026	$ 4.37	97,322	97,322	97,322	97,322
November 21, 2024	$ 1.31	-	-	185,203	185,203
		417,922	417,922	603,125	603,125

(in United States Dollars)

The following assumptions were used to arrive at the value ascribed to the options issued using a Black Scholes Option Pricing model:

Share-based compensation expense attributable to employee options was $nil for the year ended December 31, 2024. The fair value of the replacement options issued during 2023 of $1,239,818 was recognized as part of the consideration paid related to the business combination of NGW.

	December 31,	
	2024	2023
The outstanding options have a weighted average CAD$ exercise price of:	$ **3.15**	$ 2.58
Weighted average remaining life in years of outstanding options:	**1.04**	1.69

	December 31, 2024	**Weighted Average Exercise Price - CAD**	December 31, 2023	Weighted Average Exercise Price - CAD
Balance - beginning of year	**603,125**	$ **2.58**	792,518	$ 2.34
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	**(185,203)**	**1.31**	(189,393)	2.46
Balance - end of year	**417,922**	$ **3.15**	603,125	$ 2.58

The total intrinsic value of stock options exercised, outstanding and exercisable as of December 31, 2024 and 2023 was $nil.

(b) Restricted Share Units

The following table summarizes the RSUs that are outstanding as at December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Balance - beginning of year	**1,122,429**	2,464,928
Issued	**485,185**	(783,832)
Exercised	**(1,224,278)**	(477,506)
Surrendered for taxes	**(83,333)**	(81,161)
Forfeited	-	-
Rounding adjustment	**(3)**	-
Balance - end of year	**300,000**	1,122,429

The Company recognized $180,308 in share-based compensation expense attributable to RSUs vesting during the year ended December 31, 2024 ($2,520,407 for the year ended December 31, 2023).

(in United States Dollars)

During the year ended December 31, 2024

485,185 RSU's were granted, and 185,185 RSUs vested and were exercised, of which 83,333 were surrendered in exchange for payment of tax withholdings. The Company did not receive any cash proceeds from the settlement of the RSUs.

During the year ended December 31, 2024, no RSUs were forfeited.

During the year ended December 31, 2023

No RSUs were granted during the year ended December 31, 2023.

The Company issued 783,832 common shares on the exercise of 783,832 RSUs during the year ended December 31, 2023. In conjunction with exercise of these shares during the year ended December 31, 2023, 477,506 RSU shares were surrendered to the Company at a value of $267,529 in exchange for the Company remitting all withholding taxes resulting from the RSU exercise.

During the year ended December 31, 2023, 81,161 RSUs were forfeited.

13. Loss per share

	December 31, 2024	December 31, 2023
Loss	$ **(47,796,856)**	$ (73,608,758)
Weighted average number of shares outstanding, basic and diluted	**292,166,589**	221,964,287
Basic and diluted loss per share	$ **(0.16)**	$ (0.33)

Approximately 19,467,922 and 1,725,554 of potentially dilutive securities for the years ended December 31, 2024 and December 31, 2023 respectively were excluded in the calculation of diluted EPS as their impact would have been anti-dilutive due to net loss in such years.

14. Income taxes

The components of income tax expense (benefit) of the Company are summarized as follows:

	December 31, 2024	December 31, 2023
Current taxes:		
Federal	$ **13,195,875**	$ 9,574,371
State	**1,014,207**	294,510
Foreign	**-**	-
Current tax expense (benefit)	**14,210,082**	9,868,881
Deferred taxes:		
Federal	**(1,578,197)**	211,127
State	**(441,642)**	1,453,447
Foreign	**-**	-
Deferred tax expense (benefit)	**(2,019,839)**	1,664,574
Income tax expense (benefit)	$ **12,190,243**	$ **11,533,455**

(in United States Dollars)

The actual income tax provision differs from the expected amount calculated by applying the statutory income tax rate to the loss before tax. These differences result from the following:

	December 31, 2024	December 31, 2023
Income (loss) before income taxes	$ (35,606,613)	$ (62,075,303)
Statutory income tax rate	21%	21%
Income tax expense (benefit) at statutory rate	(7,477,389)	(13,035,814)
State income taxes	1,853,657	(2,567,726)
Change in fair value of warrant liability	-	(3,807)
Expenses disallowed under IRC Section 280E	12,273,276	9,972,094
Share based compensation	-	1,519,346
Nondeductible penalties	489,813	154,155
Other permanent differences	-	657,413
Book Impairment	3,175,774	-
Change in valuation allowance	847,315	16,675,011
Change in state rate	4,561	-
Prior period adjustments	200,817	(1,837,217)
2023 UTP related to Holdco	188,550	-
UTP Penalties & Interests	545,937	-
Other adjustments	87,931	-
Income tax expense (benefit)	$ 12,190,243	$ 11,533,455

The IRS has taken the position that cannabis companies are subject to the limits of Section 280E of the Code for U.S. federal income tax purpose, under which, they are only allowed to deduct expenses directly related to costs of goods sold. The company has taken a position that its deduction of ordinary and necessary business expenses is not limited by Section 280E of the Code. The position by the Company does not achieve a more likely than not tax position, therefore the financial statements are presented on the basis that 280E does apply.

Deferred taxes are provided using as asset and liability method whereby deferred tax assets are recognized based on the rates at which they are expected to reserve in the future. Temporary differences are the differences between the reported amount of assets and liabilities and their tax basis. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

(in United States Dollars)

The components of deferred tax assets and liabilities of the Company are summarized as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Loss carryforwards	$ **15,885,208**	$ 18,302,796
Share based compensation	**1,611,565**	1,562,759
Charitable Contribution	**515**	-
Loyalty points	**513,959**	280,182
Capital loss carry forward	**11,109,075**	-
Lease liabilities	**4,913,815**	2,305,188
Inventory Reserve	**49,463**	28,705
COGS related Impairment	**370,419**	-
Florida License	**-**	10,194,509
Gross deferred tax assets	**34,454,019**	32,674,139
Valuation allowance	**(28,473,642)**	(30,060,064)
Net deferred tax assets	**5,980,377**	2,614,075
Deferred Tax Liabilities:		
Other Licenses	**2,242,272**	3,649,504
Right-of-use assets	**4,452,567**	1,675,133
Property and equipment	**71,220**	94,959
Net deferred tax liabilities	**6,766,059**	5,419,596
Total net deferred tax assets (liabilities)	$ **(785,682)**	$ **(2,805,521)**

As at December 31, 2024, the Company has $72,426,034 of gross U.S. federal net operating losses and $8,034,525 of gross U.S. state net operating losses. The Company's U.S. federal net operating losses can be carried forward indefinitely. The Company's U.S. state net operating losses have 20-year carryforward periods and begin to expire in 2042. On September 15, 2023, the Company changed its jurisdiction from the Province of British Columbia, Canada, to the State of Nevada. As a result, the Company filed final Canadian income tax returns for the 2023 tax year and no longer has any Canadian income tax attributes as of December 31, 2024.

As of December 31, 2024, the company recorded an uncertain tax liability on the consolidated balance sheet for tax position taken that it does not owe taxes attributable to the application of Section 280E of the Internal Revenue Code. Based on the information currently available, we do not anticipate a significant increase or decrease to our income tax contingencies for these issues within the next 12 months.

A reconciliation of the beginning and ending amount of uncertain tax liabilities is as follow:

	2024	2023
Balance at Beginning of Year	-	-
Additions based on tax position related to the current year 280E position	**13,800,944**	-
Additions based on tax position related to the prior year	**5,520,531**	-
Reduction based on lapse of statute of limitations	**-**	-
Balance at End of Year	**19,321,475**	-

A reconciliation of the beginning and ending amount of uncertain tax benefits is as follow:

	2024	2023
Balance at Beginning of Year	-	-
Increase related to tax position in a prior period	**27,530,520**	-
Decrease related to tax position in a prior period	-	-
Increase relted to tax positions in the current period	**13,800,944**	-
Interest and penalties in income tax expense	**545,937**	-
Decrease related to tax position in the current period	**-**	-
Balance at End of Year	**41,877,402**	-

Deferred taxes arise from temporary differences in the recognition of certain expenses for tax and financial reporting purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2024, management believes it its more-likely-than-not that the Company's net deferred tax assets related to its loss carryforwards, stock compensation, and Florida license would not be realized in the near future and records a full valuation allowance on these deferred tax assets. The Company's valuation allowance represents the amount of tax benefits that are likely to not be realized. The net change in the valuation allowance from December 31, 2023 was $1,586,421.

Pursuant to Sections 382 of the Internal Revenue Code, Federal and state tax laws impose significant restrictions on the utilization of tax attribute carryforwards in the event of a change in ownership of the Company, as defined by IRC Section 382. The Company does not expect IRC Section 382 to significantly impact the utilization of its net operating loss carryforwards, but plans to complete a formal analysis prior to releasing the valuation allowance on its net operating losses.

The Company files income tax returns in the U.S. federal jurisdiction and various U.S. state jurisdictions. The federal statute of limitations remains open for the 2021 tax year to present and the state statutes of limitations remain open for the 2020 tax year to present.

(in United States Dollars)

15. General and administrative

	December 31, 2024	2023
Salaries and wages	$ **21,316,396**	$ 13,945,103
Share based compensation	**180,308**	2,520,407
Executive compensation	**3,048,605**	2,949,315
Licenses and permits	**2,651,018**	2,541,183
Payroll taxes and benefits	**4,198,424**	3,369,468
Supplies and office expenses	**1,118,430**	1,518,102
Subcontractors	**2,810,695**	2,714,424
Professional fees (legal, audit and other)	**8,131,961**	7,484,017
Miscellaneous general and administrative expenses	**7,716,055**	5,379,153
	$ **51,171,892**	$ 42,421,172

16. Supplemental cash flow information

Change in Working Capital	December 31, 2024	2023
Accounts Receivable	$ **(277,229)**	$ 130,868
Inventory	**313,879**	(2,755,809)
Prepaid Expenses and Other Assets	**1,200,818**	(262,426)
Long-term Deposits and Other Assets	**8,503**	(7,308)
Deferred Tax Assets	**(190,487)**	(359,781)
Accounts Payable	**4,336,441**	(346,059)
Accrued Expenses	**(2,943,913)**	(1,950,233)
Other Liabilities	**1,187,722**	5,000
Notes Payable	**(845,026)**	-
Uncertain Tax Positions	**19,321,475**	-
Income Taxes Payable	**(4,643,058)**	1,956,037
	$ **17,469,125**	$ (3,589,711)
Cash Paid		
Interest Paid on Leases	$ **5,819,090**	$ 4,077,971
Income Taxes	$ **-**	$ 7,873,092
Non-cash Financing and Investing Activities		
Reclassify license to asset held for sale	$ **-**	$ 9,000,000
Shares issued in business combination	$ **42,123,314**	$ -
Finders shares issued in business combination	$ **750,000**	$ -
Shares Issued on Exercise of Purchase Option	$ **-**	$ 946,406
Lease additions	$ **23,353,135**	$ 954,496
Early Termination of Operating Lease	$ **-**	$ 1,182,877
Fixed Asset Amounts in Accounts Payable	$ **318,717**	$ 84,160
Reclassification of long term lease liabilities to current	$ **1,143,994**	$ 195,433

PLANET 13 HOLDINGS INC.
Notes to the Consolidated Financial Statements
(in United States Dollars)

17. Related Party Transactions and Balances

Related party transactions are summarized as follows:

(a) Building Lease

As part of the VidaCann acquisition on May 9, 2024, the Company entered into a long-term lease agreement with Loop's Nursery for a property in St John's Florida that is used as the Company's primary cultivation facility in Florida. Loop's Nursery is primarily owned by David Loop, one of the Company's board members. Payments for rent and associated costs related to the use of this property for the year ended December 31, 2024 equaled $1,208,531.

(b) Other

As part of the VidaCann acquisition on May 9, 2024, the Company acquired related party notes payable due to David Loop, one of the Company's board members and Mark Ascik, Co-President Florida Operations in the amounts of $750,000 each (see Note 9). Payments for interest on the related party notes for the year ended December 31, 2024 totaled $75,206 combined.

For the years ended December 31, 2024 and 2023, no amounts were due to related parties.

18. Commitments and contingencies

(a) Construction Commitments

The Company had $786,490 of outstanding construction commitments as of December 31, 2024 ($3,140,447 - December 31, 2023) payable as construction is completed over an estimated six month period.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations at December 31, 2024, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2024 and 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company’s operations. There are also no proceedings in which any of the Company’s directors, officers or affiliates is an adverse party or has a material interest adverse to the Company’s interest.

(d) Operating Licenses

Although the possession, cultivation, and distribution of marijuana for medical and adult use is permitted in Nevada, California, Florida and Illinois, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company’s inability to proceed with our business plans. In addition, the Company’s assets, including real property, cash, equipment, and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

19. Risks

Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. The Company further limits credit risk to a maximum of $250,000 to any individual counterparty at a given time. Total maximum credit risk for all counterparties combined is estimated at $1,200,000.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently does not carry variable interest-bearing debt. It is management's opinion that the Company is not exposed to significant interest rate risk.

Price risk

Price risk is the risk that the trading price of the Company's shares will fluctuate and result in an increase or decrease in the fair value of the warrant liability. The Company is not exposed to significant price risk.

Liquidity risk

The Company's approach to managing risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of December 31, 2024, the Company's financial liabilities consist of accounts payable, accrued liabilities, obligations under operating leases and taxes. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. Historically, the Company's main source of funding has been the public issuance of common stock. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

Concentration risk

The Company operates primarily in Southern Nevada, Southern California and Illinois. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in US federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that US federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

Currency rate risk

As at December 31, 2024, none of the Company's financial assets and liabilities were held in Canadian dollars (2023 - $65,202). The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

The Company's exposure to a 10% change in the foreign exchange conversion rate at December 31, 2024 equals $nil.

20. Government Assistance Program

On March 18, 2020, the Families First Coronavirus Act was enacted ("**FFCRA**"). On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("**CARES**") was enacted. Together, these acts created refundable payroll tax credits for paid sick leave, paid family leave and an employee retention credit. The CARES Act was subsequently modified by the Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, which amended and extended the employee retention credit under the CARES Act for the first and second quarters of 2021. The American Rescue Act of 2021 further modified and extended the CARES Act for the third and fourth quarters of 2021. These acts provide for a refundable credit against certain employment taxes, including FICA, Medicare and deposits of employee payroll withholding taxes. Income tax credits are not provided for under these acts. The ERC credit, as modified by the foregoing, increased the available credit from 50% of qualified wages of up $10,000 per quarter paid to an employee, or $5,000 per qualified employee per quarter, to 70% of qualified wages of up to $10,000 per quarter, or $7,000 per qualified employee per quarter. The Company qualifies for the ERC credit under the CARES Act, as modified. On June 15, 2023, the Company's wholly-owned subsidiary, MM Development Company, Inc., received and recorded payment from the Internal Revenue Service in the amount of $1,955,711 related to the ERC credit for the first quarter of 2021. This amount is included in Other Income, Net on the Company's Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2023. The Company accounted for the ERC credit pursuant to the guidance established in ASC 450-30, Gain Contingencies.

21. Provision for stolen funds

As reported in a press release issued by the Company on November 17, 2023, on June 20, 2021, the Company engaged El Capitan Advisors, Inc. ("**El Capitan**"), an investment advisor registered with the Securities and Exchange Commission (the "**SEC**"), for cash management services. One of the Company's accounts managed by El Capitan was held at Bridge Bank, a division of Western Alliance Bank (collectively "**WAB**"). Pursuant to a dispute unrelated to the Company, Casa Verde Capital, L.P. and Casa Verde Capital EF, L.P. (collectively "**Casa Verde**") obtained a $35.0 million default judgment against El Capitan, which is a portfolio company of Casa Verde. Casa Verde then levied that judgment causing approximately $5.4 million of the Company's funds held at WAB (the "**WAB Funds**") and managed by El Capitan to be directed to the Orange County, California Sheriff's Office (the "**Sheriff's Office**") on September 21, 2023. The $5.4 million has been recorded as restricted cash as at December 31, 2023.

On or around October 24, 2023, the Company became aware of the levy against the WAB Funds and thereafter filed a third-party claim (the "**WAB Claim**") of exemption asserting rightful ownership over the WAB Funds.

The Company has secured a partial settlement with Casa Verde for the release of $3.4 million of the WAB Funds, which the Company received on January 31, 2024. The remaining approximately $2 million of the WAB Funds (the "**Remaining Levied Funds**") is still in the possession of the Sheriff's Office pending release to the Company, expected in late March 2025 (see Note 22. Subsequent events, below)

After filing the WAB Claim in November 2023, the Company also took immediate action to withdraw the remaining approximately $16.5 million that the Company held in two additional Company accounts managed by El Capitan (the "**Additional Funds**"). El Capitan has refused to honor the Company's further withdrawal requests with respect to the Additional Funds and at this time it is unclear whether the Additional Funds will be returned. Based on discussions with El Capitan to secure the withdrawal of the Additional Funds and purported bank statements provided by El Capitan, the Company has reason to believe that the Additional Funds were misappropriated by El Capitan.

On January 22, 2024, the Company initiated a lawsuit in Santa Monica, California against El Capitan, El Capitan's founder and Chief Executive Officer—Andrew Nash, Casa Verde, Casa Verde's Managing Member—Karan Wadhera, and Jamie Nash, the spouse of Andrew Nash (collectively, the "**Defendants**") seeking approximately $16.5 million in compensatory damages and other relief. The Company alleges that each Defendant is liable for their involvement in a scheme to defraud the Company of funds managed by El Capitan in its capacity as the Company's fiduciary.

The loss provision for the year ended December 31, 2024 was $nil (2023 - $2,000,000).

22. Subsequent events

On February 27, 2025, 51,525 stock options with an exercise price of $1.31 CAD per share expired unexercised.

On March 3, 2025, the Company announced significant recovery of funds related to the El Capitan matter. This includes a settlement and recovery of US$2.1 million of funds which were held at BridgeBank, a division of Western Alliance Bank (collectively "WAB"), bringing the total recovery of funds held at WAB to US$5.5 million. Additionally, the Company, through a wholly-owned subsidiary, will also obtain real estate (the "Real Property") valued at approximately US$5.0 million based on recent comparable sales, which it intends to sell. In total the Company has recovered approximately $10.5 million, including the expected value from the sale of the Real Property. This settlement does not conclude the Company's lawsuit against El Capitan Advisors, Inc. ("El Capitan") and its founder and Chief Executive Officer, Andrew Nash, in which it is seeking approximately US$10.3 million, which is based on $15.3 million less the expected net proceeds Planet 13 receives from the sale of the Real Property, in additional compensatory damages and other relief.