

Interim condensed consolidated financial statements

Planet 13 Holdings Inc.

For the three months ended March 31, 2021, and 2020

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these unaudited interim condensed consolidated financial statements.

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Planet 13 Holdings Inc.

Interim condensed consolidated balance sheet

(in United States dollars)

As at	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Assets		
Current		
Cash	\$ 141,126,157	\$ 79,000,850
Accounts receivable, net	132,636	436,874
Inventory	8,813,814	6,919,840
Prepaid expenses and other current assets	4,952,845	2,198,005
Total current assets	155,025,452	88,555,569
Property and equipment	34,149,653	32,073,925
Intangible assets	7,551,141	7,551,141
Right-of-use assets – operating	20,274,141	20,497,895
Right-of-use assets – finance	32,305	44,672
Long-term deposits and other assets	1,172,765	1,054,443
Deferred tax asset	-	-
Total asset	\$ 218,205,457	\$ 149,777,645
Liabilities		
Current		
Accounts payable	\$ 3,293,068	\$ 1,681,027
Accrued expenses	4,255,703	2,844,714
Income taxes payable	4,810,945	1,446,235
Notes payable – current portion	884,000	884,000
Operating lease liability – current portion	230,745	161,021
Finance lease liability – current portion	33,773	46,372
Total current liabilities	13,508,234	7,063,369
Operating lease liabilities	22,398,337	22,365,892
Warrant liability	15,879,772	13,204,211
Other long-term liabilities	28,000	28,000
Deferred tax liabilities	485,827	410,359
Total liabilities	52,300,170	43,071,831
Commitments and contingencies		
Shareholders' equity		
Common shares, no par value, unlimited Common Shares authorized, 196,463,519 issued and outstanding at September 31, 2021 and 181,806,190 at December 31, 2020	-	-
Class A Restricted shares, no par value, unlimited Class A Restricted share authorized, nil issued and outstanding at September 30, 2021 and 5,619,119 at December 31, 2020	-	-
Additional paid in capital	224,612,958	159,399,056
Deficit	(58,707,671)	(52,693,242)
Total shareholders' equity	165,9	106,705,814
Total liabilities and shareholders' equity	\$ 218,205,457	\$ 149,777,645

On behalf of the Board:

Michael Harman

Adrienne O'Neal

Director

Director

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.

Interim condensed consolidated statements of operations and comprehensive loss

(Unaudited, in United States dollars)

	Three months ended	
	March 31, 2021	March 31, 2020
Net Revenues	\$ 23,816,208	\$ 16,793,002
Cost of goods sold	<u>(10,781,481)</u>	<u>(7,585,609)</u>
Gross profit	13,034,727	9,207,393
Expenses		
General and administrative	7,974,816	6,333,297
Sales and marketing	659,949	1,446,606
Lease expense	612,326	389,279
Depreciation and amortization	964,596	877,520
Total expenses	<u>10,211,687</u>	<u>9,046,702</u>
Income from operations	2,823,040	160,691
Other (income) expense		
Interest expense, net	7,158	(3,605)
Foreign exchange gain/(loss)	(829,635)	(542,138)
Transaction costs	256,666	-
Change in fair value of warrant liability	6,187,530	(6,874,517)
Other income	(62,897)	(71,956)
	<u>5,558,822</u>	<u>(7,492,216)</u>
Income (loss) before income taxes	(2,735,782)	7,652,907
Current income tax expense	(3,364,710)	(1,954,688)
Deferred income tax recoveries	86,063	49,796
Net income (loss) and comprehensive loss for the period	<u>\$ (6,014,429)</u>	<u>\$ 5,748,015</u>
Loss per share		
Basic and diluted income (loss) per share	\$ (0.03)	\$ 0.04
Weighted average number of common shares		
Basic	190,777,592	138,915,955
Diluted	190,777,592	153,345,806

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.

Interim condensed consolidated statements of changes in shareholders' (deficit) equity

(Unaudited, in United States dollars)

	Number of			Additional Paid in Capital	Accumulated Deficit	Total Equity
	Common share capital	Class A restricted shares	Warrants			
Balance January 1, 2020	82,427,619	55,232,940	587,715	\$ 58,747,851	\$ (27,684,513)	\$ 31,063,338
Shares issued on settlement of RSUs	951,153	-	-	-	-	-
Share-based compensation – RSUs	-	-	-	810,823	-	810,823
Shares issued on exercise of warrants	964,726	-	-	1,589,480	-	1,589,480
Shares issued on exercise of options	108,334	-	-	83,030	-	83,030
Net (loss) for the period	-	-	-	-	(5,748,015)	(5,748,015)
Balance March 31, 2020	<u>114,562,597</u>	<u>55,232,940</u>	<u>587,715</u>	<u>\$ 61,231,184</u>	<u>\$ (21,936,498)</u>	<u>\$ 39,294,686</u>
Balance, January 1, 2021	126,573,250	55,232,940	150,963	\$ 159,399,056	\$ (52,693,242)	\$ 106,705,814
Shares issued on settlement of RSUs	852,154	-	-	-	-	-
Share-based compensation – RSUs	-	-	-	202,295	-	202,295
Shares issued on exercise of broker warrants	446,801	-	(446,801)	2,163,065	-	2,163,065
Shares issued on exercise of other warrants	2,487,449	-	-	15,030,913	-	15,030,913
Shares issued on exercise of options	109,669	-	-	86,216	-	86,216
Share based compensation - options	-	-	-	1,678	-	1,678
Shares issued in private placements - net	9,861,250	-	591,676	47,729,735	-	47,729,735
Net (loss) for the period	-	-	-	-	(6,014,429)	(6,014,429)
Balance, March 31, 2021	<u>140,330,573</u>	<u>55,232,940</u>	<u>295,838</u>	<u>\$ 224,612,958</u>	<u>\$ (58,707,671)</u>	<u>\$ 165,905,287</u>

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.

Interim condensed consolidated statements of cash flows

(Unaudited, in United States dollars)

	Three months ended	
	March 31, 2021	March 31, 2020
Cash provided by (used in)		
Operating activities		
Net loss	\$ (6,014,429)	\$ 5,748,015
Adjustments for items not involving cash		
Non-cash compensation expense	203,973	810,823
Non-cash lease expense	758,039	-
Depreciation and amortization	964,596	877,520
Deferred tax liability	86,064	(175,833)
Fair value change on warrant liability	5,904,816	(6,874,517)
(Gain) loss on foreign exchange of warrant liability	282,714	158,114
Transaction costs	256,666	-
Unrealized (gain) loss on foreign currency exchange	(14,641)	-
Net changes in non-cash working capital items	2,123,567	1,570,047
Repayment of lease liabilities	(758,039)	-
Total operating	3,793,326	2,114,169
Financing activities		
Proceeds from private placements	53,852,980	-
Proceeds from exercise of warrants and options	10,884,762	1,064,521
Financing issuance cost expense	(3,494,930)	-
Total financing	61,242,812	1,064,521
Investing activities		
Purchase of property, plant and equipment	(3,471,948)	(2,086,591)
Purchase of licenses	-	-
Proceeds on disposal of property and equipment	-	-
Total investing	(3,471,948)	(2,086,591)
Effect of foreign exchange on cash	561,117	31,069
Net change in cash during the period	62,125,307	1,123,168
Cash		
Beginning of period	79,000,850	12,814,712
End of period	\$ 141,126,157	\$ 13,937,880
Cash	\$ 141,126,157	\$ 13,937,880
Restricted cash and cash equivalents	-	-
Cash, restricted cash and cash equivalents	\$ 141,126,157	\$ 13,937,880

Supplemental cash-flow information (Note 14)

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

1. Nature of operations

Planet 13 Holdings Inc. (formerly Carpincho Capital Corp.) ("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.

MM Development Company, Inc. ("MMDC") is a privately held corporation existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with two licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). On June 11, 2018 MMDC completed a reverse-takeover ("RTO") of Carpincho Capital Corp. Upon completion of the RTO, the shareholders of MMDC obtained control of the consolidated entity of P13. In accordance with ASC 805 Business Combinations ("ASC 805"), MMDC was identified as the accounting acquirer, and, accordingly, P13 is considered to be a continuation of MMDC, with the net assets of the Company at the date of the RTO deemed to have been acquired by MMDC (Note 4).

The Company is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with six licenses for cultivation (three medical and three recreational), six licenses for production (three medical and three recreational), and three dispensary licenses (one medical and two recreational). In addition, the Company holds one recreational dispensary license in the city of Santa Ana, California.

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

The Company's registered office is located at 595 Howe Street, 10th floor, Vancouver, BC V6C 2T5 and the head office address is 2548 West Desert Inn. Rd, 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 by statute 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 and summary of significant accounting policies

These unaudited interim condensed 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 regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the audited annual consolidated financial statement prepared in accordance with U.S. GAAP have been omitted or condensed. The information included in the interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 (the "Annual Financial Statements"). These financial statements reflect all adjustments (consisting of normal recurring adjustments), which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

These interim condensed 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.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

2. Basis of presentation and summary of significant accounting policies (continued)

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 interim condensed 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 interim condensed consolidated financial statements are presented in U.S. dollars, which is also the Company's and its subsidiaries' functional currency.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 10, 2022.

i) Basis of consolidation

The accompanying interim condensed 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 de-consolidated from the date control ceases. All intercompany accounts and transactions have been eliminated on consolidation. The interim condensed 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 March 31, 2021	Jurisdiction of incorporation	Ownership interest 2021	Ownership interest 2020	Nature of business
MM Development Company, Inc. ("MMDC")	USA	100%	100%	Vertically integrated cannabis operations
BLC Management Company LLC. ("BLC")	USA	100%	100%	Management company
LBC CBD LLC. ("LBC")	USA	100%	100%	CBD retail sales and marketing
Newtonian Principles Inc.	USA	100%	-	Cannabis retail sales
MM Development MI, Inc.	USA	100%	100%	Holding company
MM Development CA, Inc.	USA	100%	100%	Holding company
Planet 13 Illinois, LLC	USA	49%	-	Holding company
BLC NV Food, LLC	USA	100%	100%	Food retailing
By The Slice, LLC	USA	100%	-	Food retailing

ii) Functional currency

The Company's functional currency is the United States dollar ("USD"), and management has chosen to present these consolidated financial statements in USD. The functional currency of the Company's subsidiaries is USD. All amounts are presented in USD values unless otherwise stated.

Canadian currency transactions are translated into USD at exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in Canadian dollars are translated to USD at the foreign exchange rate applicable at the end of each reporting period.

Realized and unrealized exchange gains and losses are recognized in the consolidated statement of operations and comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical cost in CAD are translated using the exchange rate at the date of the transaction.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

2. Basis of presentation and summary of significant accounting policies (continued)

The assets and liabilities are translated into US dollars at period end exchange rates. Income and expenses, and cash flows are translated into USD using the average exchange rate. Exchange differences resulting from the translation of Canadian operations are recognized in the interim condensed consolidated statement of operations and comprehensive loss.

iii) Use of estimates

The preparation of these consolidated financial statements and accompanying notes in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

iv) Restricted cash

Restricted cash includes cash held in escrow by third-party escrow agent.

3. 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. The Company's inventories are comprised of:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>
Raw materials	\$ 1,063,185	\$	1,292,310
Packaging and miscellaneous	428,415		566,157
Work in progress	2,592,511		1,801,434
Finished goods	4,701,724		3,259,939
	<u>\$ 8,785,835</u>	<u>\$</u>	<u>6,919,840</u>

Cost of inventory is recognized as an expense when sold and included in cost of goods sold. During the three months ended March 31, 2021, the Company recognized \$10,781,481 (March 31, 2020 - \$7,585,609) of inventory expensed to cost of goods sold.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

4. Property and equipment

	Land and land improvements	Buildings and structures	Equipment	Leasehold improvements	Construction in progress	Total
Gross carrying amount						
Balance as at December 31, 2020	\$ 625,146	\$ 1,707,894	\$ 6,237,256	\$ 30,448,042	\$ 3,367,255	\$ 42,385,593
Additions	-	-	221,778	309,063	3,056,666	3,587,507
Disposals	-	-	(116,756)	-	-	(116,756)
Balance as at March 31, 2021	<u>\$ 625,146</u>	<u>\$ 1,707,894</u>	<u>\$ 6,342,278</u>	<u>\$ 30,757,105</u>	<u>\$ 6,423,921</u>	<u>\$ 45,856,344</u>
Depreciation						
Balance as at December 31, 2020	\$ 127,931	\$ 203,750	\$ 2,259,925	\$ 7,720,062	\$ -	\$ 10,311,668
Additions	12,799	10,674	285,931	1,086,816	-	1,396,220
Disposals	-	-	(1,197)	-	-	(1,197)
Balance as at March 31, 2021	<u>\$ 140,730</u>	<u>\$ 214,424</u>	<u>\$ 2,544,659</u>	<u>\$ 8,806,878</u>	<u>\$ -</u>	<u>\$ 11,706,691</u>
Carrying amount						
December 31, 2020	\$ 497,215	\$ 1,504,144	\$ 3,977,331	\$ 22,727,980	\$ 3,367,255	\$ 32,073,925
March 31, 2021	<u>\$ 484,416</u>	<u>\$ 1,493,470</u>	<u>\$ 3,797,619</u>	<u>\$ 21,950,227</u>	<u>\$ 6,423,921</u>	<u>\$ 34,149,653</u>

As at March 31, 2021, costs related to the construction of facilities were capitalized as construction in progress and not depreciated. Depreciation will commence when construction is completed, and the facility is available for its intended use. Once construction is completed, the construction in progress balance is moved to the appropriate account and depreciation commences. The contractual construction commitment as of March 31, 2021 was \$7,200,610 (December 31, 2020 – \$7,084,300) (Note 17).

For the three months ended March 31, 2021, depreciation expense was \$1,396,220 (2020 - \$1,232,045) of which \$444,025 (2020 - \$372,250) was included in cost of goods sold.

5. Intangible assets

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Florida Master License	Total
Gross carrying amount					
Balance, December 31, 2020	\$ 5,607,564	\$ 690,000	\$ 709,798	\$ -	\$ 7,007,362
Additions	-	-	-	-	-
Balance, September 30, 2021	<u>\$ 5,607,564</u>	<u>\$ 690,000</u>	<u>\$ 709,798</u>	<u>\$ -</u>	<u>\$ 7,007,632</u>

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

6. Leases

The Company's lease agreements are for cultivation, manufacturing, retail, and office premises and for vehicles. The property lease terms range between 7 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. Leases for vehicles are typically between 4 years and 6 years with no renewal terms. 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 interim condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2021 and 2020 respectively:

	Three months ended	
	March 31, 2021	March 31, 2020
Operating lease costs	\$ 1,069,776	\$ 530,574
Finance lease cost:		
Amortization of lease liabilities	12,599	11,081
Interest on lease liabilities	1,583	3,327
Finance lease cost	14,182	14,408
Short term lease expense	(2,130)	807
Total lease costs	\$ 1,081,828	\$ 545,789

Other information related to operating and finance leases as of and for the three months ended March 31, 2021 are as follows:

	Operating Lease	Finance Lease
Weighted average discount rate	15.00%	15.00%
Weighted average remaining lease term (in years)	16.21	0.14

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

6. Leases (continued)

The maturity of the contractual undiscounted lease liabilities as of March 31, 2021:

	<u>Financing Lease</u>	<u>Operating Lease</u>
One year	\$ 35,621	\$ 3,261,812
Two years	-	3,385,737
Three years	-	3,514,686
Four years	-	3,648,859
Five years	-	3,695,773
Thereafter	-	56,971,880
Total undiscounted lease liabilities	35,621	74,478,747
Interest on lease liabilities	(1,848)	(51,849,665)
Total present value of minimum lease payments	33,773	22,629,082
Lease liability – current portion	(33,773)	(230,745)
Lease liability	<u>\$ -</u>	<u>\$ 22,398,337</u>

Additional information on the right-of-use assets is as follows:

	<u>Finance lease</u>	<u>Operating lease</u>
Gross carrying amount		
Balance, December 31, 2020	\$ 133,561	\$ 21,962,564
Additions	-	-
Balance, March 31, 2021	<u>\$ 133,561</u>	<u>\$ 21,962,564</u>
Depreciation		
Balance, December 31, 2020	\$ 88,889	\$ 1,464,669
Additions	12,367	223,752
Balance, March 31, 2021	<u>\$ 101,256</u>	<u>\$ 1,688,421</u>
Carrying amount December 31, 2020	<u>\$ 44,672</u>	<u>\$ 20,497,895</u>
Carrying amount March 31, 2021	<u>\$ 32,305</u>	<u>\$ 20,274,143</u>

For the three months ended March 31, 2021, the Company incurred \$1,069,776 of operating lease costs (March 31, 2020 - \$530,574), of which \$457,450 (March 31, 2020 - \$141,295) was capitalized to inventory or included within cost of goods sold.

7. Prepaid expenses and other current assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Security deposits	\$ 3,297,469	\$ 1,031,255
Funds awaiting settlement	-	1,263
HST receivable	137,163	103,445
Insurance	457,065	550,946
Prepaid rent and other	1,061,148	511,096
	<u>\$ 4,952,845</u>	<u>\$ 2,198,005</u>

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

8. Accrued expenses

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Payroll	\$ 769,557	\$ 368,032
Excise and other taxes	1,684,733	940,892
Loyalty program	563,436	230,638
Other	1,255,937	1,305,152
	<u>\$ 4,273,663</u>	<u>\$ 2,844,714</u>

9. Share capital

Unlimited number of common shares and unlimited number of Class A shares.

	<u>Number of Common Shares</u>	
	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Common shares		
Balance at January 1	126,573,250	82,427,619
Shares issued on settlement of RSUs	i. 852,154	2,685,344
Shares issued on exercise of options	ii. 109,669	333,001
Shares issued on exercise of warrants	iii. 2,934,250	17,532,271
Shares issued on financing - July 2020	iv. -	5,359,000
Shares issued on financing - September 2020	v. -	6,221,500
Shares issued on financing - November 2020	vi. -	6,698,750
Shares issued on financing – February 2021	vii. 9,861,250	-
Shares issued on conversion of Class A shares (Note 5)	viii. -	3,940,932
Shares issued on acquisition (Note 5)	-	1,374,833
	<u>140,330,573</u>	<u>126,573,250</u>
Total common shares outstanding		
Total class A shares outstanding	55,232,940	55,232,940
Total shares outstanding	<u>195,563,513</u>	<u>181,806,190</u>

i. Shares issued for Restricted Share Units

During the three months ended March 31, 2021, the Company issued 852,154 common shares on the settlement of Restricted Share Units (“RSUs”) that had vested during the period. The Company did not receive any cash proceeds on the settlement.

During the year ended December 31, 2020, the Company issued 2,685,344 common shares on the settlement of Restricted Share Units (“RSUs”) that had vested during the period. The Company did not receive any cash proceeds on the settlement.

ii. Shares issued for Stock Options

During the three months ended March 31, 2021, the Company issued 109,669 common shares on the exercise of options that had a strike price in the range of CAD\$0.75 to CAD\$1.55 per common share resulting in cash proceeds of \$83,030 (CAD\$104,959).

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

9. Share capital (continued)

During the year ended December 31, 2020, the Company issued 333,001 common shares on the exercise of options that had a strike price in the range of CAD\$0.75 to CAD\$1.55 per common share resulting in cash proceeds of \$217,990 (CAD\$290,983).

iii. Shares issued on the exercise of Warrants

During the three months ended March 31, 2021, the Company issued 2,934,250 common shares to warrant holders who exercised 2,934,250 warrants resulting in cash proceeds of \$10,801,732 (CAD\$13,654,639).

During the year ended December 31, 2020, the Company issued 17,532,271 common shares to warrant holders who exercised 17,532,271 warrants resulting in cash proceeds of \$32,653,449 (CAD\$43,079,021).

iv. Shares issued on Financing – July 2020

On July 3, 2020, the Company completed a bought deal financing for aggregate gross proceeds of \$8,493,808 (CAD\$11,521,850) at a price of CAD\$2.15 per unit. The Company issued 5,359,000 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD\$2.85 per common share for a period of 24 months.

The Company also issued 321,540 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD\$2.15 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

The Company incurred \$825,359 in cash share issuance costs and \$222,398 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

July 3, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	8,118,500	(1,001,461)
Warrant Liability (Note 10)	375,308	(46,296)
Total	8,493,808	(1,047,757)

v. Shares issued on Financing – September 2020

On September 10, 2020, the Company completed a bought deal financing for aggregate gross proceeds of \$17,489,401 (CAD\$23,019,550) at a price of CAD\$3.70 per unit. The Company issued 6,221,500 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD\$5.00 per common share for a period of 24 months.

The Company also issued 373,290 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD\$3.70 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

9. Share capital (continued)

The Company incurred \$1,291,216 in cash share issuance costs and \$585,816 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

September 10, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	16,662,200	(1,788,253)
Warrant Liability (Note 10)	827,201	(88,779)
Total	17,489,401	(1,877,032)

vi. Shares issued on Financing – November 2020

On November 5, 2020, the Company completed a bought deal financing for aggregate gross proceeds of \$22,141,920 (CAD\$28,804,625) at a price of CAD\$4.30 per unit. The Company issued 6,698,750 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD\$5.80 per common share for a period of 24 months.

The Company also issued 401,925 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD\$4.30 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model.

The Company incurred \$1,544,014 in cash share issuance costs and \$730,523 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

November 5, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	20,777,360	(2,134,362)
Warrant Liability (Note 10)	1,364,560	(140,175)
Total	22,141,920	(2,274,537)

vii. Shares issued on Financing – February 2021

On February 2, 2021, the Company completed a bought deal financing for aggregate gross proceeds of \$53,852,980 (CAD\$69,028,750) at a price of CAD\$7.00 per unit. The Company issued 9,861,250 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD\$9.00 per common share for a period of 24 months.

The Company also issued 591,676 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD\$7.00 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

9. Share capital (continued)

The Company incurred \$3,494,930 in cash share issuance costs and \$1,296,170 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

February 2, 2021 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	50,967,999	(4,534,434)
Warrant Liability (Note 10)	2,884,981	(256,666)
Total	53,852,980	(4,791,100)

viii. Shares issued on conversion of Class A Shares

On May 6, 2021, the Company issued 55,232,940 common shares on the conversion of 55,232,940 Class A shares. As of March 31, 2021, there were no longer any Class A shares outstanding.

Class A shares	Number of Class A Shares	
	March 31, 2021	December 31, 2020
Balance at January 1	55,232,940	55,232,940
Shares issued on acquisition (Note 5)	-	3,940,932
Conversion of Class A to Common	-	(3,940,932)
Total Class A shares outstanding	55,232,940	55,232,940

The Class A restricted shares have equal ratable rights as the Company's common shares to dividends, all of the Company's assets that are available for distribution upon liquidation, dissolution or winding up of the Company's affairs, do not have pre-emptive rights, are entitled to receive notice and attend shareholders meetings and to exercise one vote for each Class A share held at all meetings of shareholders of the Company other than with respect to the vote for the election or removal of directors. Each Class A shareholder is able to convert each outstanding Class A share at the option of the holder thereof into one common share at any time provided that such conversion would not cause the Company to become a US Domestic Issuer. The restriction on conversion of Class A shares are designed to prevent the Company from becoming a US Domestic Issuer. Generally, a company will be considered to be a US Domestic Issuer if:

(A) 50% or more of the holders of a company's common voting shares are U.S. Persons; and either (B) (i) the majority of the executive officers or directors of the Issuer are United States citizens or residents; (ii) the company has 50% or more of its assets located in the United States; or (iii) the business of the company is principally administered in the United States.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

10. Warrant liability

The following table summarizes the fair value of the warrant liability for the periods presented:

	March 31, 2021	December 31, 2020
Opening balance as at January 1	\$ 13,204,211	\$ 9,823,510
Additions	2,884,981	2,567,069
Exercise	(8,649,089)	(15,698,859)
Foreign exchange	274,603	(293,450)
Change in fair value	8,165,066	16,805,941
Closing balance end of period	\$ 15,879,772	\$ 13,204,211

Warrants that are not issued in exchange for goods or services and do not meet the criteria to be classified as equity are classified as liabilities. Because the warrants have an exercise price that is denominated in a currency other than the functional currency of the Company, they are classified as liabilities.

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 for the periods presented:

	March 31, 2021	Weighted average exercise price – CAD	December 31, 2020	Weighted average exercise price - CAD
Balance – beginning of period	7,158,337	\$4.98	15,061,078	\$2.20
Issued	5,522,301	\$8.79	10,236,380	\$4.53
Exercised	(2,934,250)	\$4.67	(17,532,271)	\$2.46
Expired	(46,047)	\$3.75	(606,850)	\$1.40
Balance – end of period	9,700,341	\$7.24	7,158,337	\$4.98

The Company received cash proceeds of \$10,798,546 (CAD\$13,654,639) from the exercise of warrants for the three-month period ended March 31, 2021 (December 31, 2020 - \$32,653,449 (CAD\$43,079,021)).

The following table present information about the Company's assets and liabilities that are measured at fair value on a recurring basis for the periods presented:

	Quoted prices in active markets for identical assets (Level 1)
March 31, 2021:	
Warrant liability	\$ (15,879,772)
December 31, 2020:	
Warrant liability	\$ (13,204,211)

11. Share based compensation

(a) Stock options

The Company has established an incentive stock option plan (the "Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

11. Share based compensation (continued)

During the three months ended March 31, 2021

No incentive stock options were granted during the period.

During the year ended December 31, 2020

No incentive stock options were granted during the year.

The following table summarizes information about stock options outstanding at March 31, 2021:

<u>Expiry date</u>	<u>Exercise price CAD\$</u>	<u>March 31, 2021 outstanding</u>	<u>March 31, 2021 exercisable</u>
July 4, 2022	\$ 2.65	100,000	100,000
June 11, 2023	\$ 0.80	65,002	65,002
July 31, 2023	\$ 0.75	11,667	11,667
January 7, 2024	\$ 1.55	-	-
June 30, 2024	\$ 2.60	7,500	7,500
		<u>184,169</u>	<u>184,169</u>

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date. The following table reflects the continuity of stock options for the period presented:

	<u>March 31, 2021</u>	<u>Weighted average CAD \$ exercise price</u>
Balance – beginning of period	293,838	\$ 1.52
Granted	-	-
Exercised	(109,669)	0.91
Expired	-	-
Forfeited	-	-
Balance – end of period	<u>184,169</u>	<u>\$ 1.87</u>

	<u>March 31, 2021</u>
The outstanding options have a weighted-average CAD\$ exercise price of	<u>\$ 1.87</u>
The weighted average remaining life in years of the outstanding options is:	<u>1.74</u>

The Company recorded \$1,678 of share-based compensation expense attributable to employee options for the three months ended March 31, 2021 (\$30,137 for the three months ended March 31, 2020) and received cash proceeds of \$86,216 on the exercise of 109,669 options during the three months ended March 31, 2021 (\$83,030 during the three months ended March 31, 2020).

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

11. Share based compensation (continued)

(b) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

The following table summarizes the RSUs that are outstanding as at March 31, 2021:

<u>RSU Activity</u>	<u>March 31, 2021</u>
Balance - beginning of the period	1,764,250
Granted to Participants	-
Exercised	(852,154)
Cancelled	-
Balance – end of the period	<u>912,096</u>

The Company recorded \$202,295 in share-based compensation expense attributable to RSUs for the three months ended March 31, 2021 (\$1,954,834 for the three months ended March 31, 2020).

During the three months ended March 31, 2021

On January 4, 2021, the Company issued 852,154 common shares to settle 852,154 RSUs that had vested. The Company did not receive any cash proceeds from the issuance.

During the year ended December 31, 2020

On January 1, 2020, the Company issued 50,000 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD\$2.57 per share, the closing share price of the Company's common shares on December 31, 2019.

On September 30, 2020, 6,666 RSUs that were previously granted on June 11, 2018 were cancelled as a result of an employee resignation.

On July 3, 2020, the Company issued 50,518 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD\$2.04 per share, the closing share price of the Company's common shares on July 3, 2020.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

12. Loss per share

	Three months ended	
	March 31, 2021	March 31, 2020
Income (Loss) available to common shareholders	\$ (5,971,220)	\$ 5,748,015
Weighted average number of shares, basic	190,777,592	138,915,955
Weighted average number of shares, diluted	190,777,592	153,345,806
Basic and diluted (loss) per share	\$ (0.03)	\$ 0.04

Approximately \$10,796,606 of potentially dilutive securities for the three months ended March 31, 2021 were excluded in the calculation of diluted EPS as their impact would have been anti-dilutive due to net loss in the period.

13. General and administrative

	Three months ended	
	March 31, 2021	March 31, 2020
Salaries and wages	\$ 3,448,129	\$ 2,103,303
Executive compensation	499,336	279,241
Licenses and permits	588,041	503,438
Payroll taxes and benefits	682,042	441,320
Supplies and office expenses	299,784	106,114
Subcontractors	474,640	334,470
Professional fees (legal, audit and other)	636,170	797,412
Miscellaneous general and administrative expenses	1,142,701	957,176
Share-based compensation expense (Note 11)	203,973	810,823
	\$ 7,974,816	\$ 6,333,297

14. Supplemental cash flow information

	Three months ended	
	March 31, 2021	March 31, 2020
Change in working capital		
Accounts receivable, net	\$ 304,238	\$ 190,308
Inventory	(1,893,974)	(1,184,032)
Prepaid expenses and other assets	(2,7517,571)	590,399
Long term deposits and other assets	-	(1,226,714)
Accounts payable	1,612,041	1,206,529
Accrued expenses	1,410,989	295
Income tax payable	3,364,710	1,954,688
	\$ 2,043,164	\$ 2,796,761
Cash paid		
Income taxes	\$ -	\$ -
Non-cash activities		
Settlement of warrants liability by issuing warrants	\$ 6,388,839	\$ 598,424
Fixed asset amounts in accounts payable	\$ 369,066	\$ -
Initial recognition of ROU assets and lease liabilities	\$ -	\$ -

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

15. Related party transactions and balances

Related party transactions are summarized as follows:

(a) Other

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of the Company's Co-CEOs. Amounts paid to such company for rent for the three months ended March 31, 2021, and 2020 equaled \$6,010 and \$6,010, respectively. Amounts paid for printed marketing collateral and stationery items equaled \$30,287 and \$42,173 respectively for the three months ended March 31, 2021, and 2020. As at March 31, 2021, there was \$87,971 (2020-\$61,407) included in accounts payable that was owed to this related party.

A company owned by one of the Company's executives pays the Company for storage space. Amounts paid to the Company for storage space equaled \$28,440 for the three months ended March 31, 2021 (2020 – nil).

Through to April 30, 2021, the Company leased a cultivation facility from an entity owned by the Company's co-CEOs. Rents paid for this facility for the three months ended March 31, 2021, equaled \$301,894 (2020 – nil). On April 30, 2021, the Company's Co-CEOs sold this building to an arm's length third party who assumed the lease.

16. Commitments and contingencies

(a) Construction Commitments

As of March 31, 2021, the Company had construction commitments outstanding of \$7,200,610 (December 31, 2020 - \$7,084,300), related to the build-out of the Company's Planet 13 Santa Ana cannabis entertainment complex.

(a) 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 as of March 31, 2021, 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.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

16. Commitments and contingencies (continued)

(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. As of March 31, 2021, 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, 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.

(e) Employment Agreements

The Company has employment agreements in place with its Executive Management team and certain key employees. The annual salaries pursuant to such agreements range from \$100,000 to \$500,000.

17. 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 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.

Concentration risk

The Company operates exclusively in Southern Nevada. 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.

Planet 13 Holdings Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in United States dollars)

17. Risks (continued)

Currency rate risk

As at March 31, 2021, a portion of the Company's financial assets and liabilities held in Canadian dollars consist of cash and cash equivalents of \$62,686,533 (2020 - \$21,771,531). 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 is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign 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.

18. Disaggregated revenues

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

	Three months ended	
	March 31, 2021	March 31, 2020
Retail	\$ 22,782,137	16,733,532
Wholesale	1,034,071	59,471
Net Revenues	\$ 23,816,208	\$ 16,793,002

19. COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies, and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020 the Company's operations in Nevada were mandated as an essential service but were restricted to delivery only, with no curbside pickup or instore sales permitted until such delivery-only order was lifted on May 30, 2020. The Company's operating results were not materially impacted during the second half of 2020. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

20. Subsequent events

During the period from April 1 to May 25, 2021, the Company issued 822,590 common shares on the exercise of warrants during the period and realized cash proceeds of \$3,262,194 (CAD\$4,093,390).

On April 19, 2021, the Company granted 4,082,474 RSUs to officers, directors, and employees pursuant to the Company's RSU Plan. The RSUs granted vest in three equal tranches on November 1, 2021, November 1, 2022, and November 1, 2023, unless otherwise varied pursuant to the terms of the plan.

On May 7, 2021, the Company issued 55,232,940 common shares on the conversion of 55,232,940 class A restricted voting shares. The Company did not receive any cash proceeds on the conversion.

On August 5, 2021, the Company's subsidiary, Planet 13 Illinois LLC, won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. Planet 13 Illinois LLC is owned 51% by Frank Cowan and 49% by the Company.

On October 1, 2021, the Company completed the purchase of a license issued by the Florida Department of Health to operate as a Medical Marijuana treatment Center (the "License") in the state of Florida for \$55,000,000 in cash (Note 5).

Between October 1, 2021, and December 9, 2021, the Company issued 13,700 common shares on the exercise of common share purchase warrants and realized cash proceeds of \$30,885.

Planet 13 Holdings Inc.

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On December 9, 2021, the Company issued 2,212,974 common shares on the exercise of Restricted Share Units that had vested during the period.

On March 2, 2022 (the “Closing Date”), the Company completed a business combination of Next Green Wave Holdings Inc. (“NGW”). The Company entered into an arrangement agreement (the “Arrangement Agreement”) with NGW on December 20, 2021 pursuant to which the Company agreed to acquire (the “Arrangement”) all of the issued and outstanding common shares of NGW (the “NGW Shares”) pursuant to a plan of arrangement (the “Plan of Arrangement”) under the Business Corporations Act (British Columbia). The Arrangement was approved by the holders of NGW Shares (the “NGW Shareholders”) at a special meeting of NGW Shareholders held on February 25, 2022 and approved by the Supreme Court of British Columbia on March 1, 2022.

Pursuant to the Plan of Arrangement, on March 2, 2022, the Company acquired all of the NGW Shares for a total consideration of 21,361,002 Planet 13 common shares (the “Planet 13 Shares”), and NGW was then amalgamated with the Company. The NGW Shareholders received 0.1145 of one Planet 13 Share (the “Exchange Ratio”) and a nominal cash payment of C\$0.0001 for each NGW Share held. As a result, 21,361,002 Planet 13 Shares and C\$18,656 in cash were issued in exchange for the NGW Shares. In addition, the number of Planet 13 Shares issued to any person pursuant to the Arrangement was rounded down to the nearest whole Planet 13 Share, with a cash consideration paid in lieu of the issuance of such fractional Planet 13 Share of C\$3.379 per share, resulting in an aggregate cash-in-lieu consideration of C\$78.

Based upon the Exchange Ratio, all NGW options to acquire NGW Shares that were outstanding immediately prior to the Effective Time were also exchanged for Planet 13 options that entitle the holders to receive, upon exercise thereof, Planet 13 Shares. 1,106,925 Planet 13 replacement options were issued in exchange for the NGW options.

The Company has not yet completed its initial accounting of its business combination with NGW due to the limited time from the acquisition date and the date of these financial statements. The Company is currently determining the fair values of net assets acquired and the preliminary purchase price allocation.