UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number: **000-566374**

PLANET 13 HOLDINGS INC.

(Exact name of Registrant as Specified in its Charter)

British Columbia	**83-2787199**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2548 West Desert Inn Road, Suite 100 Las Vegas, Nevada 89109	**89109**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (702) 815-1313

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 15, 2023, there were 221,533,438 Common Shares outstanding.

Planet 13 Holdings Inc.
Quarterly Report on Form 10-Q
For Quarterly Period Ended March 31, 2023

Table of Contents

		Page
PART I	FINANCIAL INFORMATION	
Item 1.	Financial Statements.	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	25
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	31
Item 4.	Controls and Procedures.	31
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings.	33
Item 1A.	Risk Factors.	33
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	33
Item 3.	Defaults Upon Senior Securities.	33
Item 4.	Mine Safety Disclosures.	33
Item 5.	Other Information.	33
Item 6.	Exhibits.	34
SIGNATURES		35

USE OF NAMES AND CURRENCY

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "**we**," "**us**," "**our**," "**Company**," or "**Planet 13**" refer to Planet 13 Holdings Inc. together with its wholly-owned subsidiaries.

Unless otherwise indicated, all references to "$," "US$" or "USD" in this Quarterly Report on Form 10-Q refer to United States dollars, and all references to "C$," "CAD$," or "CAD" refer to Canadian dollars.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than $1.235 billion in revenue during our most recently completed fiscal year, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, which we refer to as the "**Securities Act**," as modified by the Jumpstart Our Business Startups Act of 2012, or the "**JOBS Act**." As an emerging growth company, we may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about our executive compensation arrangements;
- Exemptions from non-binding shareholder advisory votes on executive compensation or golden parachute; and
- Exemption from auditor attestation requirement in the assessment of our internal control over financial reporting.

We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenue of $1.235 billion or more; (ii) the last day of the year following the fifth anniversary of the first sale of the common equity securities pursuant to an effective registration under the Securities Act; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act.

DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Quarterly Report on Form 10-Q that addresses activities, events or developments that we expect or anticipate will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" or similar expressions and includes, among others, information regarding: our strategic plans and expansion and expectations regarding the growth of the California cannabis market; statements relating to the business and future activities of, and developments related to, us after the date of this Quarterly Report on Form 10-Q, including such things as future business strategy, competitive strengths, goals, expansion and growth of our business, operations and plans, new revenue streams, the completion by us of contemplated acquisitions of additional real estate, cultivation and licensing assets, the roll out of new dispensaries, the application for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional U.S. markets, any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the United States and the states in which we operate or contemplate future operations; expectations for other economic, business, regulatory and/or competitive factors related to us or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of our management at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others our actual financial position and results of operations differing from management's expectations; our business model; a lack of business diversification; increasing competition in the industry; public opinion and perception of the cannabis industry; expected significant costs and obligations; current reliance on limited jurisdictions; development of our business; access to capital; risks relating to the management of growth; risks inherent in an agricultural business; risks relating to energy costs; risks related to research and market development; risks related to breaches of security at our facilities; reliance on suppliers; risks relating to the concentrated voting control of the Company; risks related to our being a holding company; risks related to service providers withdrawing or suspending services under threat of prosecution; risks related to proprietary intellectual property and potential infringement by third parties; risks of litigation relating to intellectual property; negative clinical trial results; insurance related risks; risk of litigation generally; risks associated with cannabis products manufactured for human consumption, including potential product recalls; risks relating to being unable to attract and retain key personnel; risks relating to obtaining and retaining relevant licenses; risks relating to integration of acquired businesses; risks related to quantifying our target market; risks related to industry growth and consolidation; fraudulent activity by employees, contractors and consultants; cyber-security risks; conflicts of interest; risks related to reputational damage in certain circumstances; leased premises risks; U.S. regulatory landscape and enforcement related to cannabis, including political risks; heightened scrutiny by Canadian regulatory authorities; risks related to capital raising due to heightened regulatory scrutiny; risks related to tax liabilities; risks related to U.S. state and local law and regulations; risks related to access to banks and credit card payment processors; risks related to potential violation of laws by banks and other financial institutions; ability and constraints on marketing products; risks related to lack of U.S. federal trademark and patent protection; risks related to the enforceability of contracts; the limited market for our securities; difficulty for U.S. holders of Common Shares to resell over the Canadian Securities Exchange; price volatility of Common Shares; uncertainty regarding legal and regulatory status and changes; risks related to legislation and cannabis regulation in the states in which we operate or contemplate future operations; future sales by shareholders; no guarantee regarding use of available funds; currency fluctuations; risks related to entry into the U.S; and other factors beyond our control, as more particularly described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding our expected financial and operating performance and our plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Quarterly Report on Form 10-Q represent our views and expectations as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update such forward-looking information and statements at a future time, we have no current intention of doing so except to the extent required by applicable law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

PLANET 13 HOLDINGS INC.
Interim Condensed Consolidated Balance Sheets
(Unaudited, In United States Dollars)

	March 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash	$ **42,667,058**	$ 52,356,914
Accounts Receivable	**1,226,441**	1,326,795
Inventory	**14,300,148**	13,004,839
Prepaid Expenses and Other Current Assets	**3,026,238**	3,810,394
Total Current Assets	**61,219,885**	70,498,942
Property and Equipment	**71,885,650**	71,466,051
Intangible Assets	**71,100,663**	69,288,007
Right of Use Assets - Operating	**21,881,506**	21,168,171
Long-term Deposits and Other Assets	**862,545**	862,545
Deferred Tax Asset	**276,088**	346,257
TOTAL ASSETS	$ **227,226,337**	$ 233,629,973
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current:		
Accounts Payable	$ **2,619,257**	$ 3,112,820
Accrued Expenses	**6,539,923**	8,072,224
Income Taxes Payable	**2,124,000**	2,826,501
Notes Payable - Current Portion	**884,000**	884,000
Operating Lease Liabilities	**511,479**	479,161
Total Current Liabilities	**12,678,659**	15,374,706
Long-Term Liabilities:		
Operating Lease Liabilities	**26,782,624**	25,833,071
Warranty Liability	**-**	18,127
Other Long-term Liabilities	**28,000**	28,000
Deferred Tax Liability	**1,485,034**	1,487,204
Total Liabilities	**40,974,317**	42,741,108
Commitments and Contingencies (refer to Note 16)		
SHAREHOLDERS' EQUITY		
Common Shares, no par value, unlimited Common Shares authorized, 221,533,438 issued and outstanding at March 31, 2023 and 220,470,061 at December 31, 2022	**-**	-
Additional Paid-In Capital	**313,690,756**	312,023,359
Deficit	**(127,438,736)**	(121,134,494)
Total Shareholders' Equity	**186,252,020**	190,888,865
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ **227,226,337**	$ 233,629,973

The accompanying notes are an integral part of these unaudited condensed consolidated interim 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, 2023	March 31, 2022
Revenues, net of discounts	$ **24,915,396**	$ 25,694,395
Cost of Goods Sold	**(14,032,585)**	(12,793,391)
Gross Profit	**10,882,811**	12,901,004
Expenses:		
General and Administrative	**10,955,007**	13,486,690
Sales and Marketing	**1,335,740**	603,242
Lease Expense	**784,636**	481,247
Depreciation	**2,235,464**	2,040,052
Total Expenses	**15,310,847**	16,611,231
Loss From Operations	**(4,428,036)**	(3,710,227)
Other Income (Expense):		
Interest income, net	**292,258**	27,353
Foreign exchange gain (loss)	**1,887**	(95,709)
Change in fair value of warrant liability	**18,127**	4,159,809
Other Income, net	**144,609**	314,465
Total Other Income	**456,881**	4,405,918
Loss Before Provision for Income Taxes	**(3,971,155)**	695,691
Provision For Income Taxes		
Current Tax Expense	**(2,265,088)**	(2,768,115)
Deferred Tax Recovery	**(67,999)**	11,353
	(2,333,087)	(2,756,762)
Net Loss and Comprehensive Loss	$ **(6,304,242)**	$ (2,061,071)
Loss per Share		
Basic and diluted loss per share	$ **(0.03)**	$ (0.01)
Weighted Average Number of Common Shares		
Basic and diluted	**221,084,457**	205,570,940

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

PLANET 13 HOLDINGS INC.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, in United States Dollars, except Share Amounts)

	Number of				
	Common Shares	**Warrants**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Total Shareholders' Equity**
Balance, December 31, 2021	198,687,950	295,838	$245,861,704	$ (72,154,194)	$ 173,707,510
Share based Compensation - RSUs	-	-	2,055,494	-	2,055,494
Shares Issued on Acquisition	21,361,002	-	57,854,830	-	57,854,830
Replacement Options Issued on Acquisition	-	-	1,239,818	-	1,239,818
Net Loss for the Period	-	-	-	(2,061,071)	(2,061,071)
Balance, March 31, 2022	220,048,952	295,838	$307,011,846	$ (74,215,265)	$ 232,796,581
Balance, December 31, 2022	220,470,061	295,838	$312,023,359	$(121,134,494)	$ 190,888,865
Share based Compensation - RSUs	-	-	720,991	-	720,991
Shares Issued on Exercise of Purchase Option	1,063,377	-	946,406	-	946,406
Net Loss for the Period	-	-	-	(6,304,242)	(6,304,242)
Balance, March 31, 2023	**221,533,438**	**295,838**	$**313,690,756**	$**(127,438,736)**	$ **186,252,020**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss	$ **(6,304,242)**	$ (2,061,071)
Adjustments for items not involving cash:		
Shared based compensation expense	**720,991**	2,055,494
Non-cash lease expense	**1,279,369**	950,585
Depreciation	**3,259,999**	2,642,531
Change in fair value of warrant liability	**(18,127)**	(4,264,763)
Loss on translation of warrant liability	**-**	104,954
Deferred tax recovery	**(2,170)**	-
Proceeds from lease incentive	**-**	1,000,000
Lease incentive amortization	**(26,115)**	-
Unrealized gain on foreign currency exchange	**-**	(145,267)
	(1,090,295)	282,463
Net Changes in Non-cash Working Capital Items	**(3,097,683)**	3,563,710
Repayment of lease liabilities	**(982,255)**	(885,433)
Total Operating	**(5,170,233)**	2,960,740
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(3,653,373)**	(4,026,607)
Purchase of 51% interest in Planet 13 Illinois	**(866,250)**	-
Net cash acquired through NGW acquisition	**-**	1,478,698
Total Investing	**(4,519,623)**	(2,547,909)
Effect of foreign exchange on cash	**-**	142,968
NET CHANGE IN CASH DURING THE PERIOD	**(9,689,856)**	555,799
CASH		
Beginning of Period	**52,356,914**	61,588,843
End of Period	$ **42,667,058**	$ 62,144,642

Supplemental cash flow information (Note 14)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

1. Nature of Operations

Planet 13 Holdings Inc. ("**Planet 13**" 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.

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, Florida, and Illinois. We are licensed in these jurisdictions as follows: six Nevada cultivation licenses (three medical and three adult-use), six Nevada production licenses (three medical and three adult-use), three Nevada dispensary licenses (one medical and two adult-use), one Nevada distribution license, one California adult-use dispensary license, two California distribution licenses, one California adult-use cultivation license, one California adult-use manufacturer license, one Florida Medical Marijuana Treatment Center license (unlimited medical dispensaries, cultivation and processing) and one Illinois conditional adult-use dispensary license.

Planet 13 is a public company with common shares listed on the Canadian Securities Exchange ("**CSE**") under the symbol PLTH and quoted on the OTCQX exchange under the symbol "PLNHF".

The Company's registered office is located at Bentall 5, 550 Burrard Street, Suite 2501, Vancouver, BC V6C 285, and the head office address is 2548 W. Desert Inn Road, 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 unaudited condensed consolidated interim 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**") for all periods presented. Certain information and footnote disclosures normally included in the audited annual consolidated financial statements prepared in accordance with GAAP have been omitted or condensed. The information included in these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. These unaudited interim condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments), which, in the opinion of management, are necessary for the fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

These unaudited 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.

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

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on May 15, 2023.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

i) Basis of consolidation

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

Subsidiaries as at March 31, 2023	Jurisdiction of Incorporation	Ownership Interest 2023	Ownership Interest 2022	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
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	100%	100%	Florida license holding company
Club One Three, LLC	Nevada, USA	100%	100%	Inactive

ii) Functional currency

These unaudited condensed consolidated interim 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 financial 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 face 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.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

iii) Emerging growth company

The Company is an "Emerging Growth Company", as defined in Section 2(a) of the Securities Act of 1933, as amended (the "**Securities Act**"), as modified by the Jumpstart Our Business Startups Act of 2012 (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 has 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. 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 the production of finished goods, non-cannabis merchandise and food and beverage items. The Company's inventory is comprised of:

	March 31, 2023	December 31, 2022
Raw materials	$ **5,408,665**	$ 5,209,667
Packaging and miscellaneous	**1,773,052**	1,584,659
Work in progress	**2,196,575**	1,965,052
Finished goods	**4,921,856**	4,245,461
	$ **14,300,148**	$ 13,004,839

Cost of Inventory is recognized as an expense when sold and included in the cost of goods sold. During the three months ended March 31, 2023, the Company recognized $14,032,585 (2022 - $12,793,391) of inventory expensed to cost of goods sold.

4. Prepaid Expenses and Other Current Assets

	March 31, 2023	December 31, 2022
Security deposits	$ **1,018,356**	$ 1,399,424
Prepaid rent	**372,204**	348,433
Insurance	**528,005**	678,402
License fees	**701,522**	776,717
Miscellaneous	**406,151**	607,418
	$ **3,026,238**	$ 3,810,394

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

5. Property 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	210,830	1,939,170	460,094	712,992	356,512	3,679,598
At March 31, 2023	$ **6,585,341**	$ **15,902,195**	$ **13,259,739**	$ **64,268,784**	$ **3,885,215**	$**103,901,274**
Depreciation						
At December 31, 2022	$ 231,522	$ 540,648	$ 6,333,865	$ 21,649,590	$ -	$ 28,755,625
Additions	13,056	87,269	657,155	2,502,519	-	3,259,999
At March 31, 2023	$ **244,578**	$ **627,917**	$ **6,991,020**	$ **24,152,109**	$ **-**	$ **32,015,624**
Carrying amount						
At December 31, 2022	$ **6,142,989**	$ **13,422,377**	$ **6,465,780**	$ **41,906,202**	$ **3,528,703**	$ **71,466,051**
At March 31, 2023	$ **6,340,763**	$ **15,274,278**	$ **6,268,719**	$ **40,116,675**	$ **3,885,215**	$ **71,885,650**

As at March 31, 2023, costs related to the construction of facilities were capitalized as construction in progress and not depreciated. Once construction is completed, the construction in progress balance is moved to the appropriate fixed asset account and depreciation commences. The contractual construction commitment as of March 31, 2023 was $4,739,612.

For the three months ended March 31, 2023, depreciation expense was $3,259,999 (2022 - $2,642,531) of which $1,024,535 (2022 - $602,479) was included in cost of goods sold.

During the three months ended March 31, 2023, no amounts were transferred from Construction in Progress to the other fixed accounts.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

6. Intangible Assets

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Master License Florida	Cultivation Coalinga CA	Retail Dispensary Waukegan IL	Other	Total
Gross carrying amount								
Balance, December 31, 2022	$ 6,151,343	$ 690,000	$ 709,798	$55,846,866	$ 6,232,222	$ -	$ 30,000	$69,660,229
Additions	-	-	-	-	-	1,812,656	-	1,812,656
Balance at March 31, 2023	**$ 6,151,343**	**$ 690,000**	**$ 709,798**	**$55,846,866**	**$ 6,232,222**	**$ 1,812,656**	**$ 30,000**	**$71,472,885**
Amortization								
Balance, December 31, 2022	$ -	$ -	$ -	$ -	$ 372,222	$ -	$ -	$ 372,222
Additions	-	-	-	-	-		-	-
Balance at March 31, 2023	**$ -**	**$ -**	**$ -**	**$ -**	**$ 372,222**	**$ -**	**$ -**	**$ 372,222**
Carrying amount								
Balance at December 31, 2022	**$ 6,151,343**	**$ 690,000**	**$ 709,798**	**$55,846,866**	**$ 5,860,000**	**$ -**	**$ 30,000**	**$69,288,007**
Balance at March 31, 2023	**$ 6,151,343**	**$ 690,000**	**$ 709,798**	**$55,846,866**	**$ 5,860,000**	**$ 1,812,656**	**$ 30,000**	**$71,100,663**

NGW Acquisition

On March 2, 2022, the Company acquired 100% ownership interest of Next Green Wave Holdings, Inc. ("**NGW**") and accounted for the transaction as a business combination acquisition pursuant to ASC 805.

NGW was incorporated in 2011 and was formed for the purpose of cultivating and selling cannabis products in the state of California, where it owns and operates a cultivation and manufacturing facility. The Company executed the NGW transaction in order to introduce certain of its brands to the California market; complement its dispensary operations in Santa Ana, California; and expand its California revenue base.

The aggregate purchase price for the NGW transaction was $57,574,938 and consisted of $14,788 in cash consideration, $1,239,818 in replacement options and $56,320,332 in share consideration. The share consideration was comprised of 21,361,002 common shares of the Company at a fair value of $C3.34 per common share, which were issued on March 2, 2022.

(Unaudited, in United States Dollars, except share amounts)

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and intangible assets acquired:

Consideration paid:

Cash	$	14,788
Issuance of 21,361,002 Class A Shares		56,320,332
Issuance of 1,106,925 replacement options		1,239,818
	$	**57,574,938**

Fair value of net assets acquired:

Cash	$	1,493,922
Inventory		3,077,367
Accounts Receivable		1,374,142
Property, plant and equipment		16,229,350
Intangible assets		13,180,000
Goodwill		25,802,688
Accounts Payable and Accrued Liabilities		(233,158)
Income taxes payable		(125,445)
Deferred tax liability		(3,223,928)
	$	**57,574,938**

The purchase price allocations for the NGW 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 discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

The goodwill arising from the NGW transaction consists of expected synergies from combining operations of the Company and NGW, 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.

NGW's state cannabis licenses and brands represented identifiable intangible assets acquired in the amounts of $11,840,000 and $1,340,000, respectively. The NGW cannabis licenses acquired have an indefinite life and as such will not be subject to amortization while the brands have a definite useful life of three years. As of December 31, 2022, the Company evaluated whether intangible assets and goodwill showed any indicators of impairment, and it was determined that such indicators existed. As a result of the Company's analysis, it was determined that the brands and licenses were impaired, resulting in the Company recording an impairment charge of $6,947,778.

In connection with the NGW transaction, the Company expensed $1,238,379 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 period ended March 31, 2022.

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 period indicated:

	Three Months Ended March 31, 2022		
	As Reported	**NGW**	**Pro Forma**
Revenue, net of discounts	$ 25,694,395	$ 870,651	$ 26,565,046
Gross Profit	12,901,004	(131,700)	12,769,304
Comprehensive loss for the period	(2,061,071)	(868,125)	(2,929,196)

(Unaudited, in United States Dollars, except share amounts)

The carrying value of goodwill in each reporting unit is indicative of the expected growth and development of the business. In the fourth quarter of fiscal 2022, the Company identified qualitative indicators of impairment as a result of a downturn in the wholesale pricing of cannabis. The reduction in the price of wholesale cannabis resulted in a downward adjustment of the future financial forecasts for the Company's NGW business, which indicated that impairment of the goodwill asset was a more-likely-than-not outcome. A qualitative step zero impairment test was performed on the NGW business which indicated a potential impairment. The Company conducted a quantitative impairment analysis of its NGW reporting unit using the income approach as at December 31, 2022.

The recoverable amount of the reporting unit to which goodwill is allocated and the asset group to which indefinite life intangibles are allocated were determined based on fair value using Level 3 inputs in a discounted cash flow analysis. Management tested the NGW asset group for the definite lived assets impairment. The result was impairment for the definite lived assets of the NGW asset group. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate discounted cash flow results. The significant assumptions applied in the determination of the recoverable amount are described below:

- Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by sales volumes, selling prices and operating costs. The forecasts are extended to a total of six years (and a terminal year thereafter);
- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
- Post-tax discount rate: The post-tax discount rate is reflective of the reporting unit's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

The following table outlines the key assumptions used in calculating the recoverable amount for each CGU and operating segment tested for impairment as at December 31, 2022:

	Goodwill impairment testing
Significant estimates used by management	NGW
Years of cash flows before terminal value	6
Discount rate	19.25%
Terminal value multiple / rate	5.8x

Based on the results of the goodwill impairment test, the carrying value of the NGW reporting unit exceeded the fair value and the Company recognized a pre-tax impairment loss of $25,802,688 during the year ended December 31, 2022, relating to the NGW reporting unit.

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 $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.

7. Leases

The Company's lease agreements are for cultivation, manufacturing, retail 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. 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.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

The following table provides the components of lease costs recognized in the unaudited interim condensed consolidated statement of operations and comprehensive loss for the three-month periods ended March 31, 2023 and 2022:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Operating lease costs	**$ 1,244,641**	$ 971,243
Short term lease expense	**4,596**	1,467
Total lease costs	**$ 1,249,237**	$ 972,710

Other information related to operating and finance leases as of and for the three months ended March 31, 2023 and 2022 are as follows:

	March 31, 2023		March 31, 2022	
	Finance Lease	**Operating Lease**	Finance Lease	Operating Lease
Weighted average discount rate	**15.00%**	**15.00%**	15.00%	15.00%
Weighted average remaining lease term	**-**	**13.02**	-	14.43

The maturity of the contractual undiscounted lease liabilities as of March 31, 2023 and December 31, 2022 are:

	2023	2022
	Operating Lease	Operating Lease
One year	**$ 4,229,975**	$ 4,052,167
Two years	**4,388,087**	4,214,502
Three years	**4,448,176**	4,302,534
Four years	**4,451,577**	4,303,434
Five years	**4,583,017**	4,389,610
Thereafter	**59,863,525**	58,274,870
Total undiscounted lease liabilities	**81,964,357**	79,537,117
Interest on lease liabilities	**(54,670,254)**	(53,224,885)
Total present value of minimum lease payments	**27,294,103**	26,312,232
Lease liability - current portion	**(511,479)**	(479,161)
Lease liability	**$ 26,782,624**	$ 25,833,071

Principally all leases relate to real estate.

For the three months ended March 31, 2023, the Company incurred $1,244,641 of operating lease costs (2022 - $971,243), of which $460,005 (2022 - $489,996) was allocated to cost of goods sold.

On December 22, 2022, the Company entered into a sale-leaseback transaction with an unrelated third-party related to certain real property acquired in connection with the NGW acquisition. The Company received cash proceeds of $1,049,633 and recorded a gain on sale-leaseback of $509,392. The following are the key terms of the related lease agreement:

- Initial term: 15 years
- Renewal options: 3 additional terms of five years each
- Monthly payment: $7,847
- Other: Triple net

See Note 14 for additional supplemental cash flow information related to leases.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

8. Notes Payable

	March 31, 2023	December 31, 2022
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
	$ 884,000	$ 884,000
Less current portion	**(884,000)**	(884,000)
	$ -	$ -

Stated maturities of debt obligations are as follow:

Next 12 months Promissory Note	$ 884,000

9. Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of Class A shares.

		Number of Common Shares	
		March 31, 2023	March 31, 2022
Common Shares			
Balance at January 1		**220,470,061**	198,687,950
Shares issued on settlement of RSUs	i.	**-**	81,084
Shares issued on exercise of options	ii.	**-**	97,325
Shares issued on exercise of warrants	iii.	**-**	242,700
Shares issued on acquisition (Note 6)	iv.	**-**	21,361,002
Shares issued on exercise of purchase option (Note 6)	v.	**1,063,377**	-
Total common shares outstanding		**221,533,438**	220,470,061

i. Shares issued for Restricted Share Units

During the three months ended March 31, 2023, no RSUs were awarded, vested, settled, or cancelled.

During the year ended December 31, 2022, the Company issued 81,084 common shares on the settlement of 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, 2023, no options were awarded, vested, settled or cancelled.

During the year ended December 31, 2022, the Company issued 97,325 common shares on the exercise of options that had a strike price of CAD$1.31 per common share resulting in cash proceeds of $97,980 (CAD$127,496).

(Unaudited, in United States Dollars, except share amounts)

iii. Shares issued on the exercise of Warrants

During the three months ended March 31, 2023, 5,206,463 warrants expired unexercised.

During the year ended December 31, 2022, the Company issued 242,700 common shares to warrant holders who exercised 242,700 warrants resulting in cash proceeds of $1,044,258 (CAD$1,407,660).

10. Warrants

The following table summarizes the fair value of the warrant liability at March 31, 2023 and December 31, 2022.

	March 31, 2023	December 31, 2022
Balance - beginning of period	$ **18,127**	$ 7,206,049
Expirations	**(18,127)**	-
Foreign exchange	-	(10,117)
Change in fair value	-	(7,177,805)
Balance - end of period	$ **-**	$ 18,127

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 March 31, 2023 and December 31, 2022.

	March 31, 2023	**Weighted Average Exercise Price - CAD**	**December 31, 2022**	**Weighted Average Exercise Price - CAD**
Balance - beginning of period	5,206,463	$ 8.88	8,861,951	$ 7.46
Exercised	-	$ -	(242,700)	$ 5.80
Expired	(5,206,463)	$ 8.88	(3,412,788)	$ 5.41
Balance - end of period	-	$ -	5,206,463	$ 8.88

Fair values

The Company complies with ASC 820, Fair Value Measurement, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. Financial instruments recorded at fair value in the consolidated balance sheet are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements.

(Unaudited, in United States Dollars, except share amounts)

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022:

	Quoted prices in active markets for identical asset (Level 1)	Significant unobservable inputs (Level 3)	Total
March 31, 2023			
Warrant liability	$ -	$ -	$ -
December 31, 2022			
Warrant liability	$ (18,127)	$ -	$ (18,127)

11. Share Based Compensation

(a) Stock Options

The Company has established the 2018 Stock Option Plan (the "**Option 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 Option Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company. The maximum term of an option is five years, and the related vesting period runs from immediate to the life of the grant.

During the three months ended March 31, 2023 and the year ended December 31, 2022

No incentive stock options were granted during the three months ended March 31, 2023 or the year ended December 31, 2022. During the year ended December 31, 2022, the Company issued 1,106,925 options in connection with the NGW transaction (see Note 6). The replacement options were fully vested upon issuance.

The following table summarizes information about stock options outstanding at March 31, 2023:

Expiry Date	Exercise price CAD$	March 31, 2023 Outstanding	March 31, 2023 Exercisable	December 31, 2022 Outstanding	December 31, 2022 Exercisable
November 21, 2024	$ 1.31	185,203	185,203	185,203	185,203
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	120,222	120,222	120,222	120,222
July 6, 2025	$ 1.31	97,325	97,325	97,325	97,325
June 11, 2023	$ 0.80	61,668	61,668	61,668	61,668
June 30, 2024	$ 2.60	7,500	7,500	7,500	7,500
		792,518	792,518	792,518	792,518

(Unaudited, in United States Dollars, except share amounts)

The following table reflects the continuity of stock options for the period presented:

	March 31, 2023	**Weighted Average Exercise Price - CAD**	December 31, 2022	Weighted Average Exercise Price - CAD
Balance - beginning of period	792,518	$ 2.34	169,168	$ 2.01
Issued	-	-	1,106,925	2.58
Exercised	-	-	(97,325)	1.31
Expired	-	-	(386,250)	3.11
Balance - end of period	792,518	$ 2.34	792,518	$ 2.34

Share based compensation expense attributable to employee options was $0 for the three months ended March 31, 2023 and 2022, respectively. The fair value of the replacement options issued during the year ended December 31, 2022 of $1,239,818 was recognized as part of the consideration paid related to the business combination of NGW (Note 6).

The total intrinsic value of stock options exercised, outstanding and exercisable as of March 31, 2023, and December 31, 2022 was $0.

(b) Restricted Share Units

The Company has established the 2018 Share Unit 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, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Balance - beginning of period	**2,464,928**	2,591,929
Exercised	-	(81,084)
Forfeited	-	(45,917)
Balance - end of period	**2,464,928**	2,464,928

The Company recognized $720,991 in share-based compensation expense attributable to the RSU vesting schedule for the three months ended March 31, 2023, ($2,055,494 for the three months ended March 31, 2022).

<u>During the three months ended March 31, 2023</u>

No RSUs were granted, exercised or vested.

<u>During the year ended December 31, 2022</u>

No RSUs were granted during the year ended December 31, 2022.

The Company issued 81,084 common shares on the exercise of 81,084 RSUs during the year ended December 31, 2022.

During the year ended December 31, 2022, 45,917 RSUs were forfeited.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

12. Loss Per Share

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Loss available to common shareholders	**$ (6,304,242)**	$ (2,061,071)
Weighted average number of shares outstanding, basic and diluted	**221,084,457**	205,570,940
Basic and diluted loss per share	**$ (0.03)**	$ (0.01)

Approximately 3,257,446 and 12,729,973 potentially dilutive securities for the three months ended March 31, 2023 and 2022, respectively, were excluded in the calculation of diluted EPS as their impact would have been anti-dilutive due to the net losses for such periods.

13. General and Administrative

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Salaries and wages	**$ 3,670,072**	$ 4,784,344
Share based compensation	**720,991**	2,055,494
Executive compensation	**731,177**	673,614
Licenses and permits	**641,602**	843,029
Payroll taxes and benefits	**872,173**	1,170,454
Supplies and office expenses	**319,086**	247,933
Subcontractors	**506,787**	732,984
Professional fees (legal, audit and other)	**2,211,799**	2,339,674
Miscellaneous general and administrative expenses	**1,281,320**	639,164
	$ 10,955,007	$ 13,486,690

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited, in United States Dollars, except share amounts)

14. Supplemental Cash Flow Information

	Three Months Ended	
Change in Working Capital	**March 31, 2023**	March 31, 2022
Accounts Receivable	**100,354**	469,564
Inventory	**(1,295,309)**	1,341,349
Prepaid Expenses and Other Assets	**784,157**	242,118
Long-term Deposits and Other Assets	**-**	12,911
Deferred Tax Assets	**70,169**	(11,353)
Accounts Payable	**(519,789)**	506,527
Accrued Expenses	**(1,534,764)**	(1,765,521)
Income Taxes Payable	**(702,501)**	2,768,115
	$ **(3,097,683)**	$ 3,563,710
Cash Paid		
Interest	$ **3,720,587**	$ -
Income Taxes	$ **2,965,000**	$ -
Non-cash Financing and Investing Activities		
Shares Issued on Exercise of Purchase Option	$ **964,406**	$ -
Initial Recognition of Fair Value of Net Assets Acquired in NGW Acquisition in Exchange for Shares, excluding Cash	$ **-**	$ 22,109,890
Lease additions	$ **954,496**	$ 56,130
Fixed Asset Amounts in Accounts Payable	$ **26,225**	$ 39,825
Reclassification of long term lease liabilities to current	$ **32,318**	$ 30,570

15. Related Party Transactions and Balances

Related party transactions are summarized as follows:

(a) Building Lease

Prior to March 15, 2022, the Company was the sub-lessee of approximately 2,000 square feet of office space and purchased certain printed marketing collateral and stationery items from a company owned by one of the Company's Co-CEOs. This entity was sold to an unrelated third-party on March 15, 2022. Amounts paid for rent for the three months ended March 31, 2023 and 2022 to the related party equaled $nil and $6,010, respectively. Amounts paid for printed marketing collateral and stationery items to the related party were $nil and $183,914 for the three months ended March 31, 2023 and 2022, respectively.

(b) Other

A company previously owned by one of the Company's Co-CEOs until March 15, 2022 paid the Company for storage space. Amounts paid to the Company from the related party for storage space were $nil and $5,968 for the three months ended March 31, 2023 and 2022, respectively, and is recorded in Other Income for such period.

For the three-month period ended March 31, 2023, no amounts were due to related parties (December 31, 2022 - $nil).

16. Commitments and Contingencies

(a) Construction Commitments

The Company had $4,739,612 of outstanding construction commitments as of March 31, 2023.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulations. 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 March 31, 2023, 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 March 31, 2023, and December 31, 2022, 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 and California, and for medical use these activities are permitted in Florida, 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.

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.

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 March 31, 2023, 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 shares. 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 exclusively in Southern Nevada and Southern California. 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 cannabis 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 or 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 leave the Company's 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 March 31, 2023, a portion of the Company's financial assets and liabilities held in Canadian dollars consist of cash of $752,614 (December 31, 2022 - $1,172,859). 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.

The Company's exposure to a 10% change in the foreign exchange rate at March 31, 2023 equals $117,286.

18. Disaggregated Revenue

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
Retail	**$ 20,352,966**	$ 23,559,391
Wholesale	**4,562,430**	2,135,004
Net revenues	**$ 24,915,396**	$ 25,694,395

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Planet 13 is for the three months ended March 31, 2023. It is supplemental to, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022, and the accompanying notes presented herein. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("**GAAP**"). Financial information presented in this MD&A is presented in United States dollars ("$", "USD" or "US$"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Disclosure Regarding Forward-Looking Statements," identified in this Quarterly Report on Form 10-Q. As a result of many factors, our actual results may differ materially from those anticipated in these forward-looking statements and information.

Overview of the Company

We are a multi-state cannabis operator with licenses to operate in Nevada, California, and Florida, and a conditional dispensing license in Illinois. We are headquartered in Las Vegas, Nevada, at our superstore dispensary located adjacent to the Las Vegas Strip. A detailed description of our corporate history and our business can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on March 23, 2023.

As of March 31, 2023, we employed approximately 639 people and remain focused on providing our customers with the best products, best services, and an experiential shopping experience at our superstore-themed dispensaries, while expanding our products and sales through neighborhood stores. Each of our state operations is held in state-focused subsidiaries: (a) Newtonian Principles, Inc. for California licensed cannabis dispensing and distribution activities, (b) Next Green Wave, LLC for California licensed cannabis cultivation, production and distribution activities, (c) MM Development Company, Inc. for all licensed Nevada cannabis cultivation, production, distribution, and dispensing activities, (d) Planet 13 Florida, Inc. ("**Planet 13 Florida**") which holds our Florida Medical Marijuana Treatment Center ("**MMTC**") license, and (e) Planet 13 Illinois, LLC ("**Planet 13 Illinois**") which holds a conditional Illinois social-equity justice impaired dispensing license. We have focused on our large-store dispensing stores as superstores which offer an experiential approach to our customers, including drones, robotics, 3-D mapping projection, cannabis-culture inspired social-media backdrops for customer interaction, customer facing production, one-on-one sales staffing and customer education, and other interactive marketing elements to differentiate from more traditional dispensing locations, which we refer to herein as "neighborhood stores". Each of our cannabis facilities is state-licensed as an adult-use cannabis facility, a medical cannabis facility, or a dual-use facility allowing for both adult-use and medical cannabis licensed activity, as designated below in the state-by-state breakdown.

On April 6, 2023, Board Member Michael Harman passed away, and on May 10, 2023, the Board of Directors appointed Lee Fraser as an interim director and as the Audit Committee Chair.

Nevada

As of March 31, 2023, we held the following licensed operations in Nevada: (a) one dual-licensed dispensary superstore adjacent to the Las Vegas Strip with 24,000 square feet of licensed dispensary (the "**Planet 13 Las Vegas Superstore**"), (b) one adult-use "neighborhood store" at 2,300 square feet of licensed dispensary (the "**Medizin dispensary**"), (c) three dual-licensed production facilities, one of which is co-located and customer-facing at the superstore in Las Vegas with 18,500 square feet of licensed production, (d) three dual-licensed cultivation facilities, one with approximately 16,100 square foot indoor cultivation facility under perpetual harvest cycle, a second with 45,000 square feet co-located with our production license at that facility, and one small indoor rural site in Beatty, Nevada that is expandable up to 2,300,000 square feet of greenhouse located on 80-acres owned by us, also co-located with our production license at that facility, and (e) one cannabis distribution license.

At the Planet 13 Las Vegas Superstore, we also offer ancillary services to our customers, including a restaurant with a liquor license, a retail store, and our online cannabidiol ("**CBD**") store which also sells products in our facility.

California

As of March 31, 2023, we held the following licensed operations in California: (a) an adult-use dispensary superstore co-located with a distribution license at our 33,000 square foot facility in Santa Ana which we built and opened on July 1, 2021 (the "**Planet 13 OC Superstore**"), (b) an adult-use medium indoor cultivation license co-located with a distribution license at our 35,000 square foot facility in Coalinga, and (c) an adult-use manufacturer Type 6 license at a 4,000 square foot facility in Coalinga.

Florida

As of March 31, 2023, we are continuing capital outlays to utilize our Florida MMTC license. Licensed MMTCs are vertically integrated and the only businesses in Florida authorized to dispense medical marijuana cannabis to qualified patients and caregivers. MMTCs are authorized to cultivate, process, transport and dispense medical marijuana. As of March 31, 2023, there were 22 companies with MMTC licenses in Florida, two of which are not yet operational. License holders are not subject to restrictions on the number of dispensaries that may be opened or on the number or size of cultivation and processing facilities they may operate.

On July 1, 2022, we, through our subsidiary Planet 13 Florida, closed on a $3,300,000 purchase of a 23-acre parcel of real property, inclusive of a 10,500 square foot building, near Ocala, Florida. The property was previously leased by Planet 13 Florida, and has received Florida OMMU approvals for cultivation, processing, and dispensing activities.

As part of our Florida expansion, as of the date of this report, we have entered into four leases for dispensing locations in Florida, which remain subject to completion of tenant improvements and regulatory inspection prior to sales to customers.

Illinois

On August 5, 2021, Planet 13 Illinois, in which we then held a minority interest, won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. The conditional license was issued to Planet 13 Illinois on July 22, 2022. We previously owned 49% of Planet 13 Illinois with 51% owned by Frank Cowan, but on February 7, 2023, we exercised and closed on our option to purchase Mr. Cowan's 51% interest in Planet 13 Illinois for $866,250 in cash and 1,063,377 in common shares of the Company.

On February 3, 2023, the Company, through its wholly owned subsidiary Planet 13 Chicago, LLC, closed on the purchase of a $2,500,000 real property for a proposed dispensing location in Waukegan, Illinois, for an approximately 8,000 square foot building on 1.9 acres, previously occupied by a financial institution tenant. On November 1, 2022, the Company provided notice of this site selection to the Illinois cannabis regulator. The town of Waukegan is suburb of the greater Chicago area and close to the Illinois-Wisconsin state border. We have commenced construction of the dispensary and anticipate that it will be operational in mid to late 2023.

COVID-19 Pandemic Update for First Quarter 2023

We caution that current global uncertainty with respect to the spread of COVID-19 or its variants and its effect on the broader global economy may have a significant negative effect on us. While the continued impact of COVID-19 on us remains unknown, continued spread of COVID-19 or its variants may have a material adverse effect on global economic activity and can, and in some cases, has resulted in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could and may continue to affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to us. Long-term economic impacts relating to COVID-19 and state and national fiscal policy related to combatting the economic impacts of COVID-19 may have a long-term detrimental impact on customer spending, costs of customer acquisition, and may be a driver for rapid inflation which could negatively affect our customers' discretionary spending capability or increase our materials and labor costs in future periods.

Acquisitions

On March 2, 2022 (the "**Closing Date**"), we completed our acquisition of NGW. We entered into an arrangement agreement (the "**Arrangement Agreement**") with NGW on December 20, 2021, pursuant to which we 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, at 12:01 a.m. (Vancouver time) (the "**Effective Time**") on the Closing Date, we acquired all of the NGW Shares for a total consideration of approximately C$71,791,700 (based on the closing price of our Common Shares (the "**Planet 13 Shares**") on the Canadian Securities Exchange on February 28, 2022), and NGW then amalgamated with us. 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 immediately prior to the Effective Time. As a result, 21,361,002 Planet 13 Shares and $14,788 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.

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 our options that will entitle the holders to receive, upon exercise thereof, Planet 13 Shares. As a result, we issued 1,106,925 options in exchange for the NGW options.

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 $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.

Results of Operations

Expressed in USD$	**Three Months Ended March 31, 2023**	March 31, 2022	**Percentage Change**
Revenue			
Net revenue	24,915,396	25,694,395	(3.0)%
Cost of Goods Sold	(14,032,585)	(12,793,391)	9.7%
Gross Profit	10,882,811	12,901,004	(15.6)%
Gross Profit Margin %	43.7%	50.2%	
Expenses			
General and Administrative	10,955,007	13,486,690	(18.8)%
Sales and Marketing	1,335,740	603,242	121.4%
Lease expense	784,636	481,247	63.0%
Depreciation and Amortization	2,235,464	2,040,052	9.6%
Total Expenses	15,310,847	16,611,231	(7.8)%
Income (Loss) From Operations	(4,428,036)	(3,710,227)	19.3%
Other Income (Expense):			
Interest expense, net	292,258	27,353	968.5%
Foreign exchange gain (loss)	1,887	(95,709)	(102.0)%
Change in fair value of warrants	18,127	4,159,809	(99.6)%
Other income	144,609	314,465	(54.0)%
Total Other Income (Expense)	456,881	4,405,918	(89.6)%
Loss for the period before tax	(3,971,155)	695,691	(670.8)%
Provision for income tax (current and deferred)	2,333,087	2,756,762	(15.4)%
Loss for the period	(6,304,242)	(2,061,071)	205.9%
Loss per share for the period			
Basic and fully diluted income (loss) per share	$ (0.03)	$ (0.01)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	221,084,457	205,570,940	

We experienced a 3.0% decrease in net revenue during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022. The decrease is attributable to a reduction in the number of customers at our Planet 13 Las Vegas Superstore location compared to the prior year periods, partially offset by an increase of revenue from the Planet 13 OC Superstore and the addition of wholesale revenue for a full quarter from the NGW cultivation operations in California, and an increase in net wholesale revenue in Nevada. Overall, net revenue decreased by ($778,999) or (3.0%) during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022. We believe that a potential economic downturn and increase in inflation, including the increase in the price of gasoline and the increase in interest rates, combined to reduce the disposable income of our customers during the three months ended March 31, 2023 and also had an impact on the number of customers and tourists visiting the Planet 13 Las Vegas Superstore and our other retail locations during both the three months ended March 31, 2023 when compared to the prior year period.

Details of net revenue by product category are as follows:

	Three Months Ended		
	March 31, 2023	March 31, 2022	**Percentage Change**
Flower	$ 7,502,396	$ 9,771,127	(23.2)%
Concentrates	6,975,107	7,501,540	(7.0)%
Edibles	4,657,293	5,028,813	(7.4)%
Topicals and Other Revenue	1,218,170	1,257,911	(3.2)%
Wholesale	4,562,430	2,135,004	113.7%
Net revenue	$ 24,915,396	$ 25,694,395	(3.0)%

Gross profit margin for the three months ended March 31, 2023 was 43.7% compared to 50.2% for the three months ended March 31, 2022. The decrease in gross profit margin for the three months ended March 31, 2023, was a result of increased sales incentives during the period coupled with the increase in wholesale revenue, both from our Nevada and California wholesale operations, that have an inherently lower gross margin than retail sales revenue.

The costs of internal cultivation have continued to trend down as we continue to improve our yields and cultivation efficiency across all of our cultivation facilities. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin, continued to have a positive impact on gross margins during the three months ended March 31, 2023, helping offset the lower margins received on the sale of wholesale product and sales to local customers in the State of Nevada. We anticipate that margins will trend upward if and when tourist customers return to Las Vegas and the Planet 13 Las Vegas Superstore in greater numbers and through our ability to produce our award-winning brands in California and introduce those brands into our Planet 13 OC Superstore.

Our premium cultivation facilities were operating near capacity during the three months ended March 31, 2023. The amount of cannabis grown during the period increased significantly when compared to the prior year period due to the full quarter of results from the addition of the 35,000 square feet of cultivation capacity that was added as part of the NGW acquisition on March 2, 2022, and the 22,000 square foot cultivation facility expansion in Nevada that was fully operational during the three months ended March 31, 2023. The wholesale flower market in California continues to stabilize and we have seen increases in both demand and the price received for premium indoor grown flower during the three months ended March 31, 2023.

Overall gross profit was $10,882,811 and $12,901,004 for the three months ended March 31, 2023, and 2022 respectively, a decrease of 15.6% or $2,018,193.

General and Administrative (“**G&A**”) expenses (which includes non-cash share-based compensation expenses,) decreased by 18.8% during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022. The decrease in G&A expenses incurred during the three months ended March 31, 2023, was a result of focused cost cutting initiatives undertaken by the Company and a reduction in share-based compensation expense recorded during the period, partially offset by the addition of a full quarter of G&A expenses, from the NGW cultivation assets in California that were acquired on March 2, 2022, including executive compensation related to members of the NGW executive team that joined Planet 13 on the closing. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 41.6% for the three months ended March 31, 2023, compared to 44.5% for the three months ended March 31, 2022.

A detailed breakdown of G&A expenses is as follows:

	Three Months Ended		
	March 31, 2023	March 31, 2022	**Percentage Change**
Salaries and wages	$ 3,670,072	$ 4,784,344	(23.3)%
Executive compensation	731,177	673,614	8.5%
Licenses and permits	641,602	843,029	(23.9)%
Payroll taxes and benefits	872,173	1,170,454	(25.5)%
Supplies and office expenses	319,086	247,933	28.7%
Subcontractors	506,787	732,984	(30.9)%
Professional fees (legal, audit and other)	2,211,799	2,339,674	(5.5)%
Miscellaneous general and administrative expenses	1,281,320	639,164	100.5%
Share-based compensation expense	720,991	2,055,494	(64.9)%
	$ 10,955,007	$ 13,486,690	(18.8)%

Non-cash, share based compensation of $720,991 was recognized during the three months ended March 31, 2023, decreasing from $2,055,494 that was recognized during the three months ended March 31, 2022. The decrease is attributable to the vesting schedule for both Restricted Share Units (“**RSUs**”) and incentive stock options that were previously granted, particularly the net 3,954,213 RSUs that were granted on April 18, 2021, that vested 1/3 on December 1, 2021 and 1/3 on December 1, 2022, and that will vest 1/3 on December 1, 2023. These amounts are non-cash, and the expense is recognized in accordance with the vesting schedule of the underlying stock options and RSUs. See Note 12 to our audited consolidated financial statements filed with our Annual Report on Form 10-K for the year ended December 31, 2022, for additional details on the assumptions used to calculate fair value as well as information regarding the vesting of the various components of the non-cash share-based compensation.

Sales and marketing expenses increased by 121.4% or $732,498 during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022. The increase was a result of us continuing to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Planet 13 Las Vegas Superstore, the Planet 13 OC Superstore, and the Medizin dispensary in Nevada.

Lease expense increased by 63.0% during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022 due to increases in number of leases and contracted lease rates for the Company’s leased properties during the period.

Depreciation and amortization increased 9.6% during the three months ended March 31, 2023, when compared to the prior year period because of the recording of depreciation on the NGW cultivation facility for a full quarter when compared to the prior year period.

Interest income was $292,258 earned during the three months ended March 31, 2023, compared to interest income of $27,353 during the three months ended March 31, 2022. Interest income is net of interest expense related to accrued interest on our long-term debt that is due and payable on demand. The balance of long-term debt as of March 31, 2023, was $884,000 compared to $884,000 as of December 31, 2021. Interest is being accrued on this note at a rate of 5% per annum.

We conduct our operations in both United States dollars and Canadian dollars, holding financial assets and incurring expenses in both currencies. On December 31, 2022, the value of the USD was USD$1.00=CAD$1.3544 compared to the value of the USD of USD$1.00=CAD$1.3533 at March 31, 2023 and averaged USD$1.00=CAD$1.3526 during the three months ended March 31, 2023, resulting in our realizing a foreign exchange gain of $1,887 during the three months ended March 31, 2023 compared to a foreign exchange loss of $95,709 during the three months ended March 31, 2022. It is our policy not to hedge our CAD exposure.

Warrants are accounted for in accordance with the applicable authoritative accounting guidance in ASC Topic 815, Derivatives and Hedging - Contracts in Entity’s Own Equity (“**ASC 815**”), as derivative liabilities based 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 expenses (income) in the statements of net loss and comprehensive loss. During the three months ended March 31, 2023, the change in fair value of the warrants resulted in a gain of $18,127 compared to a gain of $4,159,809 for the three months ended March 31, 2022.

Other income (expense), consisting of Automated Teller Machine (“**ATM**”) fees, interest and other miscellaneous income/expense was income of $144,609 for the three months ended March 31, 2023, compared to other income of $314,465 for the three months ended March 31, 2022.

The income tax expense for the three months ended March 23, 2023, was $2,333,087 compared to $2,756,762 for the prior year period. The tax expense decreased due to the decrease in taxable profitability during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022. We are subject to Section 280E of the Internal Revenue Code (the "**Code**"), which prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in certain controlled substances that are prohibited by federal law. We, to the extent of our "trafficking" activities, and/or key contract counterparties directly engaged in trafficking in cannabis, have incurred significant tax liabilities from the application of Section 280E. Our income tax obligations under Section 280E of the Code are typically substantially higher as compared to companies to which Section 280E does not apply. Section 280E essentially requires us to pay federal, and as applicable, state income taxes on gross profit, which presents a significant financial burden that increases our net loss and may make it more difficult for us to generate net profit and cash flow from operations in future periods. In addition, to the extent that the application of Section 280E creates a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to us, which would also have a material adverse effect on our business.

The overall net loss for the three months ended March 31, 2023, was $6,304,242 (($0.03) per share) compared to an overall net loss of $2,061,071 (($0.01) per share) for the three months ended March 31, 2022.

Segmented Disclosure

The Company determined that each of its locations represents an operating segment. These operating segments have been aggregated into a single reportable segment as the Company operates as a vertically integrated cannabis company with dispensary, cultivation, production and distribution operations in the State of Nevada and dispensary, cultivation and distribution operations in the State of California.

Liquidity and Capital Resources

As of March 31, 2023, our financial instruments consist of cash, deposits, accounts payable and accrued liabilities, and notes payable. We have no speculative financial instruments, derivatives, forward contracts, or hedges.

As of March 31, 2023, we had working capital of $48,541,225 compared to working capital of $55,124,235 as of December 31, 2022. The Company believes that it has adequate liquidity in the form of cash on hand to fund all its planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, the planned build-out of its operations in Florida, the further expansion of operations in Nevada and California, and the continuing build-out of its Illinois retail location.

The following table relates to the three months ended March 31, 2023, and 2022:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Cash flows provided by operating activities	(5,170,233)	2,960,740
Cash flows used in investing activities	(4,519,623)	(2,547,909)
Cash flows provided by financing activities	-	-

Cash Flows from Operating Activities

Net cash used in operating activities was ($5,170,233) for the three months ended March 31, 2023, compared to cash provided by operating activities of $2,960,740 for the three months ended March 31, 2022. A significant portion of the increase in cash used in operating activities is directly attributable to professional fees and other consulting services used during the three months ended March 31, 2023, when compared to the three months ended March 31, 2022.

Cash Flows from Investing Activities

Net cash used in investing activities was $4,519,623 for the three months ended March 31, 2023, compared to net cash used in investing activities of $2,547,909 for the three months ended March 31, 2022. Excluding cash acquired through the acquisition of NGW during the three months ended March 31, 2022, the change in cash used in investing activities for the three months ended March 31, 2023 increased by $493,016 and was related to additional capital improvements carried out at our cultivation facilities in Nevada.

Cash Flows from Financing Activities

Net cash provided by financing activities was $0 during the three months ended March 31, 2023, compared to net cash provided by financing activities of $0 for the three months ended March 31, 2022.

Capital Resources

We have a recent history of operating losses. It may be necessary for us to arrange for additional financing to meet our on-going growth initiatives.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

Should financing not be available, the Company has adequate liquidity in the form of cash on hand to fund all of its planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, including the planned build-out of its operations in Florida and the continuing build-out of its Illinois retail location.

Capital Management

Our capital consists of shareholders' equity. Our objective when managing capital is to maintain adequate levels of funding to support the development of our businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance we will be able to raise funds in the future. We invest all capital that is surplus to our immediate operational needs in short-term, highly liquid, and high-grade financial instruments. There were no changes to our approach to capital management during the period. We are not subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of March 31, 2023, or as of December 31, 2022, or as of the date hereof.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires our 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 amounts, events 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.

There have been no material changes to our critical accounting estimates as set forth in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risk disclosures as set forth in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Co-Chief Executive Officers ("**Co-CEOs**") and Chief Financial Officer ("**CFO**"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of March 31, 2023, an evaluation was performed under the supervision and with the participation of our management, including the Co-CEOs and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our management concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2023.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control performed during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

There are no actual or to our knowledge contemplated legal proceedings material to us or our subsidiaries or to which any of our or any of our subsidiaries' property is the subject matter.

Item 1A. Risk Factors.

In addition to the risk factor set forth below and other information set forth in this report, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect our business, financial condition, financial results, or future performance. Other than as set forth below, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Implications of being a smaller reporting company

As of the last business day of our second fiscal quarter, we determined that we requalify as a smaller reporting company for the fiscal year ending December 31, 2023.

Similar to emerging growth companies, smaller reporting companies are able to provide simplified executive compensation disclosure and have certain other reduced disclosure obligations, including, among other things, being permitted to provide only two years of audited financial statements in our Annual Report on Form 10-K, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations"; not being required to furnish a contractual obligations table in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and not being required to furnish a stock performance graph in our annual report.

We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of reduced reporting burdens in our other filings with the Securities and Exchange Commission. We cannot predict whether investors will find our common stock less attractive if we rely on certain or all of these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company made no unregistered sales of equity securities during the quarter covered by this report that have not previously been disclosed on Form 8-K.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Reference: Form	Incorporated by Reference: Exhibit	Incorporated by Reference: Filing Date	Filed/Furnished Herewith
31.1	Certification of Principal Executive Officer (Robert Groesbeck) pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				✓
31.2	Certification of Principal Executive Officer (Larry Scheffler) pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				✓
31.3	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				✓
32.1	Certification of Principal Executive Officers and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				✓
101. INS	Inline XBRL Instance Document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101. CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101. DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded with Inline XBRL document)				✓

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 15, 2023

By: /s/ Robert Groesbeck
Robert Groesbeck
Co-Chief Executive Officer

By: /s/ Larry Scheffler
Larry Scheffler
Co-Chief Executive Officer

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Groesbeck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Planet 13 Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2023

/s/ Robert Groesbeck
Robert Groesbeck
Co-Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry Scheffler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Planet 13 Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2023

/s/ Larry Scheffler
Larry Scheffler
Co-Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.3

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dennis Logan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Planet 13 Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2023

/s/ Dennis Logan
Dennis Logan
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICERS AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Planet 13 Holdings Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission (“SEC”) on the date hereof (the “Report”), each of Robert Groesbeck, Co-Chief Executive Officer of the Company, Larry Scheffler, Co-Chief Executive Officer of the Company, and Dennis Logan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2023	/s/ Robert Groesbeck Robert Groesbeck Co-Chief Executive Officer
Date: May 15, 2023	/s/ Larry Scheffler Larry Scheffler Co-Chief Executive Officer
Date: May 15, 2023	/s/ Dennis Logan Dennis Logan Chief Financial Officer