AMENDED AND RESTATED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

EXPRESSED IN UNITED STATES DOLLARS

The accompanying amended and restated unaudited condensed interim consolidated financial statements of Planet 13 Holdings Inc. have been prepared by and are the responsibility of the company's management.

These amended and restated financial statements for Planet 13 Holdings Inc. are also included in the Form 10-Q/A for the quarter ended June 30, 2023, filed on SEDAR+ on February 20, 2024, in its entirety.

NOTICE TO READER

Planet 13 Holdings Inc. (the "**Company**", or "**Planet 13**") has restated its unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2023, which were previously filed on SEDAR+ and EDGAR on August 9, 2023, (the "**Original Interim Financial Statements**"). Subsequent to the issuance of the Original Interim Financial Statements, on January 25, 2024, in connection with the ongoing internal investigation, the Company concluded that its previously issued audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "**2022 Annual Report**") and the Company's previously issued unaudited consolidated financial statements included in the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023 (the "**2023 Quarterly Reports**" and, together with the 2022 Annual Report, the "**Reports**" and all financial statements included in the Reports, collectively, the "**Affected Financials**") should no longer be relied upon due to material errors due to the believed misappropriation of approximately $22.0 million of the Company's funds held by El Capitan Advisors, Inc. (as reported in press releases issued by the Company on November 17, 2023 and January 23, 2024). The impact of correcting these items was the recognition of a total of $16,283,225 provision for the misappropriated funds that has been reflected in the Affected Financials in the periods when the misappropriation occurred as reflected in the restated financial statements. See *Note 21 -Restatement of Previously Issued Consolidated Financial Statement* herein for more detail.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2023 Restated (Note 21)	December 31, 2022 Restated (Note 21)
ASSETS		
Current Assets:		
Cash	$ **24,457,546**	$ 38,789,604
Accounts Receivable	**1,320,998**	1,326,795
Inventory	**14,712,473**	13,004,839
Prepaid Expenses and Other Current Assets	**2,848,838**	3,810,394
Total Current Assets	**43,339,855**	56,931,632
Property and Equipment	**69,453,103**	71,466,051
Intangible Assets	**71,100,663**	69,288,007
Right of Use Assets - Operating	**21,650,593**	21,168,171
Long-term Deposits and Other Assets	**832,853**	862,545
Deferred Tax Asset	**318,294**	346,257
TOTAL ASSETS	$ **206,695,361**	$ 220,062,663
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current:		
Accounts Payable	$ **3,018,576**	$ 3,112,820
Accrued Expenses	**6,989,504**	8,072,224
Income Taxes Payable	**781,233**	2,826,501
Notes Payable - Current Portion	**884,000**	884,000
Operating Lease Liabilities	**545,043**	479,161
Total Current Liabilities	**12,218,356**	15,374,706
Long-Term Liabilities:		
Operating Lease Liabilities	**26,738,325**	25,833,071
Warranty Liability	**-**	18,127
Other Long-term Liabilities	**28,000**	28,000
Deferred Tax Liability	**1,482,864**	1,487,204
Total Liabilities	**40,467,545**	42,741,108
Commitments and Contingencies (refer to Note 16)		
SHAREHOLDERS' EQUITY		
Common Shares, no par value, unlimited Common Shares authorized, 222,247,854 issued and outstanding at June 30, 2023 and 220,470,061 at December 31, 2022	**-**	-
Additional Paid-In Capital	**314,025,857**	312,023,359
Deficit	**(147,798,041)**	(134,701,804)
Total Shareholders' Equity	**166,227,816**	177,321,555
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ **206,695,361**	$ 220,062,663

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

PLANET 13 HOLDINGS INC.
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited, in United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2023 Restated (Note 21)	June 30, 2022 Restated (Note 21)	**June 30, 2023 Restated (Note 21)**	June 30, 2022 Restated (Note 21)
Revenues, net of discounts	$ **25,832,711**	$ 28,412,230	$ **50,748,107**	$ 54,106,625
Cost of Goods Sold	**(13,950,477)**	(14,587,723)	**(27,983,062)**	(27,381,114)
Gross Profit	**11,882,234**	**13,824,507**	**22,765,045**	**26,725,511**
Expenses:				
General and Administrative	**11,271,370**	12,011,053	**22,226,376**	25,497,743
Sales and Marketing	**1,332,498**	887,436	**2,668,237**	1,490,678
Lease Expense	**794,389**	779,050	**1,579,025**	1,260,297
Depreciation	**1,986,578**	1,963,937	**4,222,042**	4,003,989
Total Expenses	**15,384,835**	**15,641,476**	**30,695,680**	**32,252,707**
Loss From Operations	**(3,502,601)**	**(1,816,969)**	**(7,930,635)**	**(5,527,196)**
Other Income (Expense):				
Interest income, net	**32,544**	15,118	**148,894**	42,110
Foreign exchange gain (loss)	**4,229**	74,543	**6,116**	(21,166)
Change in fair value of warrant liability	**-**	2,635,425	**18,127**	6,795,234
Provision for misappropriated funds	**-**	(5,000,000)	**(2,000,000)**	(7,000,000)
Other Income (Expense), net	**1,712,598**	(85,698)	**1,857,205**	228,767
Total Other Income (Expense)	**1,749,371**	**(2,360,612)**	**30,342**	**44,945**
Loss Before Provision for Income Taxes	**(1,753,230)**	**(4,177,581)**	**(7,900,293)**	**(5,482,251)**
Provision For Income Taxes				
Current Tax Expense	**(2,904,644)**	(2,908,359)	**(5,169,732)**	(5,676,474)
Deferred Tax Recovery	**41,787**	16,275	**(26,212)**	27,628
	(2,862,857)	(2,892,084)	**(5,195,944)**	(5,648,846)
Net Loss and Comprehensive Loss	$ **(4,616,087)**	$ **(7,069,665)**	$ **(13,096,237)**	$ **(11,131,097)**
Loss per Share				
Basic and diluted loss per share	$ **(0.02)**	$ **(0.03)**	$ **(0.06)**	$ **(0.05)**
Weighted Average Number of Common Shares				
Basic and diluted	**221,791,320**	**220,088,004**	**221,439,841**	**212,869,574**

The accompanying notes are an integral part of these unaudited interim condensed consolidated 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, January 1, 2022 - Restated (Note 21)	198,687,950	295,838	$245,861,704	$ (75,156,085)	$ 170,705,619
Share based Compensation - RSUs	-	-	4,116,573	-	4,116,573
Shares Issued on Acquisition	21,361,002	-	57,854,830	-	57,854,830
Replacement Options Issued on Acquisition	-	-	1,239,818	-	1,239,818
Shares Issued on Exercise of Options	97,325	-	97,980	-	97,980
Net Loss for the Period	-	-	-	(11,131,097)	(11,131,097)
Balance, June 30, 2022 - Restated (Note 21)	220,146,277	295,838	$309,170,905	$ (86,287,182)	$ 222,883,723
Balance, January 1, 2023 - Restated (Note 21)	220,470,061	295,838	$312,023,359	$(134,701,804)	$ 177,321,555
Share based Compensation - RSUs	-	-	1,323,618	-	1,323,618
Share based Compensation - RSUs - Taxes Paid in Lieu of Share Issuance	-	-	(267,526)	-	(267,526)
Shares Issued on Settlement of RSUs	714,416	-	-	-	-
Shares Issued on Exercise of Purchase Option	1,063,377	-	946,406	-	946,406
Net Loss for the Period	-	-	-	(13,096,237)	(13,096,237)
Balance, June 30, 2023 - Restated (Note 21)	**222,247,854**	**295,838**	$**314,025,857**	$**(147,798,041)**	$ **166,227,816**

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

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

	Six Months Ended	
	June 30, 2023 Restated (Note 21)	June 30, 2022 Restated (Note 21)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss	**$ (13,096,237)**	$ (11,131,097)
Adjustments for items not involving cash:		
Shared based compensation expense	**1,323,618**	4,116,573
Non-cash lease expense	**2,559,990**	1,799,593
Depreciation	**6,230,026**	5,316,191
Change in fair value of warrant liability	**(18,127)**	(6,795,234)
Loss on translation of warrant liability	**-**	12,758
Deferred tax recovery	**(4,340)**	-
Proceeds from lease incentive	**-**	1,000,000
Lease incentive amortization	**(52,231)**	(260,987)
Gain on sale of fixed assets	**(14,749)**	-
	(3,072,050)	(5,942,203)
Net Changes in Non-cash Working Capital Items	**(4,079,677)**	1,848,718
Repayment of lease liabilities	**(2,016,581)**	(1,751,380)
Total Operating	**(9,168,308)**	(5,844,865)
FINANCING ACTIVITIES		
RSU withholding taxes paid in lieu of share issuance	**(267,526)**	-
Proceeds from exercise of warrants and options	**-**	97,980
Total Financing	**(267,526)**	97,980
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(4,070,701)**	(11,737,742)
Proceeds from sales of fixed assets	**40,727**	-
Purchase of 51% interest in Planet 13 Illinois	**(866,250)**	-
Net cash acquired through NGW acquisition	**-**	1,478,698
Total Investing	**(4,896,224)**	(10,259,044)
Effect of foreign exchange on cash	**-**	1,909
NET CHANGE IN CASH DURING THE PERIOD	**(14,332,058)**	(16,004,020)
CASH		
Beginning of Period	**38,789,604**	58,586,952
End of Period	**$ 24,457,546**	$ 42,582,932

Supplemental cash flow information (Note 14)

The accompanying notes are an integral part of these unaudited interim condensed consolidated 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 (see Note 20 - Subsequent Events regarding the Company's proposed re-domestication to Nevada).

The Company, through its subsidiaries, 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 restated unaudited interim condensed consolidated financial statements reflect the accounts of the Company and have been prepared in accordance with generally accepted accounting principles in the United States of America ("**GAAP**") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("**SEC**") 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 restated unaudited interim condensed consolidated financial statements should be read in conjunction with the audited restated 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/A for the year ended December 31, 2022. These restated 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 restated 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 restated 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 restated unaudited interim condensed consolidated financial statements are presented in U.S. dollars, which is also the Company's and its subsidiaries' functional currency.

These restated unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 16, 2024.

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

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

Subsidiaries as at June 30, 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 restated unaudited interim condensed consolidated financial statements are presented in U.S. Dollars ("USD"), which is the Company's and its subsidiaries' functional currency.

Foreign currency transactions are remeasured to the respective 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.

(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:

	June 30, 2023	December 31, 2022
Raw materials	$ **5,379,140**	$ 5,209,667
Packaging and miscellaneous	**1,557,929**	1,584,659
Work in progress	**2,804,811**	1,965,052
Finished goods	**4,970,593**	4,245,461
	$ **14,712,473**	$ 13,004,839

Cost of Inventory is recognized as an expense when sold and included in the cost of goods sold. During the three and six months ended June 30, 2023, the Company recognized $13,950,477 and $27,983,062 (2022 - $14,587,723 and $27,381,114) of inventory expensed to cost of goods sold.

4. Prepaid Expenses and Other Current Assets

	June 30, 2023	December 31, 2022
Security deposits	$ **1,054,776**	$ 1,399,424
Prepaid rent	**387,997**	348,433
Insurance	**394,306**	678,402
License fees	**749,545**	776,717
Miscellaneous	**262,214**	607,418
	$ **2,848,838**	$ 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	1,979,925	647,450	468,885	947,345	4,254,435
Disposals	-	-	(97,043)	-	-	(97,043)
At June 30, 2023	$ **6,585,341**	$ **15,942,950**	$ **13,350,052**	$ **64,024,677**	$ **4,476,048**	$**104,379,068**
Depreciation						
At December 31, 2022	$ 231,522	$ 540,648	$ 6,333,865	$ 21,649,590	$ -	$ 28,755,625
Additions	24,365	174,623	1,318,646	4,712,392	-	6,230,026
Disposals	-	-	(59,686)	-	-	(59,686)
At June 30, 2023	$ **255,887**	$ **715,271**	$ **7,592,825**	$ **26,361,982**	$ **-**	$ **34,925,965**
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 June 30, 2023	$ **6,329,454**	$ **15,227,679**	$ **5,757,227**	$ **37,662,695**	$ **4,476,048**	$ **69,453,103**

As at June 30, 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 June 30, 2023 was $8,231,097 (December 31, 2022 - $0).

For the six months ended June 30, 2023, depreciation expense was $6,230,026 (2022 - $5,316,191) of which $2,007,984 (2022 - $1,327,062) was included in cost of goods sold.

During the six months ended June 30, 2023, no amounts were transferred from Construction in Progress to the other fixed accounts.

(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	$69,660,229
Additions	-	-	-	-	-	1,812,656	-	1,812,656
Balance at June 30, 2023	**$ 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 June 30, 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**	**$69,288,007**
Balance at June 30, 2023	**$ 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.

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

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

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 June 30, 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 June 30, 2022			Six Months Ended June 30, 2022		
	As Reported	NGW	Pro Forma	As Reported	NGW	Pro Forma
Revenue, net of discounts	$ 28,412,230	$ -	$ 28,412,230	$ 54,106,625	$ 870,651	$ 54,977,276
Gross Profit	13,824,507	-	13,824,507	26,725,511	(131,700)	26,593,811
Comprehensive loss for the period - Restated (Note 21)	(7,069,665)	-	(7,069,665)	(11,131,097)	(868,125)	(11,999,222)

(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.

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

The following table provides the components of lease costs recognized in the restated unaudited interim condensed consolidated statement of operations and comprehensive loss for the three- and six-month periods ended June 30, 2023 and 2022:

	Three Months Ended		**Six Months Ended**	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Operating lease costs	$ **1,254,393**	$ 1,209,063	$ **2,499,034**	$ 2,180,306
Short term lease expense	**20,381**	117	**24,977**	1,584
Total lease costs	$ **1,274,774**	$ 1,209,180	$ **2,524,011**	$ 2,181,890

Other information related to operating and finance leases as of and for the six months ended June 30, 2023 and 2022 are as follows:

	June 30, 2023		June 30, 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	**-**	**13.19**	-	11.37

The maturity of the contractual undiscounted lease liabilities as of June 30, 2023 and December 31, 2022 are:

	2023	2022
	Operating Lease	Operating Lease
One year	$ **4,277,274**	$ 4,052,167
Two years	**4,425,693**	4,214,502
Three years	**4,453,068**	4,302,534
Four years	**4,455,447**	4,303,434
Five years	**4,629,904**	4,389,610
Thereafter	**58,688,780**	58,274,870
Total undiscounted lease liabilities	**80,930,166**	79,537,117
Interest on lease liabilities	**(53,646,798)**	(53,224,885)
Total present value of minimum lease payments	**27,283,368**	26,312,232
Lease liability - current portion	**(545,043)**	(479,161)
Lease liability	$ **26,738,325**	$ 25,833,071

Principally all leases relate to real estate.

For the three and six months ended June 30, 2023, the Company incurred $1,254,393 and $2,499,034 of operating lease costs (2022 - $1,209,063 and $2,180,306), of which $460,004 and $920,009, respectively (2022 - $430,013 and $920,009) was allocated to cost of goods sold.

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

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

8. Notes Payable

	June 30, 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	
		June 30, 2023	December 31, 2022
Common Shares			
Balance at January 1		**220,470,061**	198,687,950
Shares issued on settlement of RSUs	i.	**714,416**	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		**222,247,854**	220,470,061

i. Shares issued for Restricted Share Units

During the six months ended June 30, 2023, no RSUs were awarded, 1,191,923 RSUs vested (of which 477,507 RSUs were surrendered in exchange for tax withholding payments), 714,416 RSUs settled and 69,494 RSUs were cancelled. The Company did not receive any cash proceeds on the settlement of the RSUs.

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 six months ended June 30, 2023, no options were awarded, vested, settled or cancelled and 69,168 options expired.

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 six months ended June 30, 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 June 30, 2023 and December 31, 2022.

	June 30, 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 June 30, 2023 and December 31, 2022.

	June 30, 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 June 30, 2023 and December 31, 2022:

	Quoted prices in active markets for identical asset (Level 1)	Significant unobservable inputs (Level 3)	Total
June 30, 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 and six months ended June 30, 2023 and the year ended December 31, 2022

No incentive stock options were granted during the three and six months ended June 30, 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 June 30, 2023:

Expiry Date	Exercise price CAD$	June 30, 2023 Outstanding	June 30, 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
June 30, 2024	$ 2.60	-	-	7,500	7,500
		723,350	723,350	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:

	June 30, 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	(69,168)	0.80	(386,250)	3.11
Balance - end of period	723,350	$ 2.47	792,518	$ 2.34

Share based compensation expense attributable to employee options was $0 and $0 for the six months ended June 30, 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 June 30, 2023, was $0, $0 and $0, respectively.

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

(b) Restricted Share Units

The Company had 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 maximum term of an RSU grant is five years and the related vesting period runs from immediate to the life of the grant.

The following table summarizes the RSUs that are outstanding as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Balance - beginning of period	**2,464,928**	2,591,929
Exercised	(1,191,923)	(81,084)
Forfeited	(69,494)	(45,917)
Balance - end of period	**1,203,511**	2,464,928

The Company recognized $602,627 and $1,323,618 in share-based compensation expense attributable to the RSU vesting schedule for the three and six months ended June 30, 2023 ($2,061,079 and $4,116,573 for the three and six months ended June 30, 2022).

<u>During the six months ended June 30, 2023</u>

No RSUs were granted, and 1,191,923 RSUs vested and were exercised, of which 477,507 were surrendered in exchange for payment of tax withholdings. The Company did not receive any cash proceeds from the settlement of the RSUs.

<u>During the six months ended June 30, 2022</u>

No RSUs were granted, exercised or vested.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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12. Loss Per Share

	Three Months Ended		Six Months Ended	
	June 30, 2023 Restated (Note 21)	June 30, 2022 Restated (Note 21)	**June 30, 2023 Restated (Note 21)**	June 30, 2022 Restated (Note 21)
Loss available to common shareholders	**$ (4,616,087)**	$ (7,069,665)	**$ (13,096,237)**	$ (11,131,097)
Weighted average number of shares outstanding, basic and diluted	**221,791,320**	220,088,004	**221,439,841**	212,869,574
Basic and diluted loss per share	**$ (0.02)**	$ (0.03)	**$ (0.06)**	$ (0.05)

Approximately 1,926,861 and 12,328,398 potentially dilutive securities for the three and six months ended June 30, 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		Six Months Ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Salaries and wages	**$ 3,874,046**	$ 3,816,040	**$ 7,544,118**	$ 7,794,850
Share based compensation	**602,627**	2,061,079	**1,323,618**	4,116,573
Executive compensation	**736,104**	760,226	**1,467,281**	1,433,840
Licenses and permits	**609,844**	656,148	**1,251,446**	1,457,665
Payroll taxes and benefits	**857,998**	1,042,807	**1,730,171**	2,060,776
Supplies and office expenses	**347,112**	277,824	**666,198**	500,456
Subcontractors	**525,175**	508,254	**1,031,962**	1,132,897
Professional fees (legal, audit and other)	**2,373,634**	1,292,823	**4,585,433**	3,510,448
Miscellaneous general and administrative expenses	**1,344,830**	1,595,852	**2,626,149**	3,490,238
	$ 11,271,370	$ 12,011,053	**$ 22,226,376**	$ 25,497,743

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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14. Supplemental Cash Flow Information

	Six Months Ended	
Change in Working Capital	**June 30, 2023**	June 30, 2022
Accounts Receivable	**5,797**	983,223
Inventory	**(1,707,634)**	2,133,755
Prepaid Expenses and Other Assets	**961,556**	1,100,971
Long-term Deposits and Other Assets	**29,692**	227,869
Deferred Tax Assets	**27,963**	(27,628)
Accounts Payable	**(266,599)**	(954,031)
Accrued Expenses	**(1,085,184)**	(578,464)
Income Taxes Payable	**(2,045,268)**	(1,036,977)
	$ (4,079,677)	$ 1,848,718
Cash Paid		
Interest Paid On Leases	**$ 2,034,471**	$ -
Income Taxes	**$ 4,250,000**	$ 5,794,337
Non-cash Financing and Investing Activities		
Shares Issued on Exercise of Purchase Option	**$ 946,406**	$ -
Initial Recognition of Fair Value of Net Assets Acquired in NGW Acquisition in Exchange for Shares, excluding Cash	**$ -**	$ 22,109,890
Initial Recognition of ROU Assets and Lease Liabilities	**$ -**	$ 2,326,202
Lease additions	**$ 954,496**	$ -
Fixed Asset Amounts in Accounts Payable	**$ 172,355**	$ 363,077
Reclassification of long term lease liabilities to current	**$ 65,883**	$ 5,130

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 six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2023 and 2022, respectively, and is recorded in Other Income for such period.

For the three-month period ended June 30, 2023, no amounts were due to related parties (December 31, 2022 - $nil).

16. Commitments and Contingencies

(a) Construction Commitments

The Company had $8,231,097 of outstanding construction commitments as of June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2023, a portion of the Company's financial assets and liabilities held in Canadian dollars consist of cash of $291,379 (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 June 30, 2023 equals $29,138.

18. Disaggregated Revenue

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

	Three Months Ended		**Six Months Ended**	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Retail	$ **21,359,936**	$ 24,250,925	$ **41,712,902**	$ 47,810,316
Wholesale	**4,472,775**	4,161,305	**9,035,205**	6,296,309
Net revenues	$ **25,832,711**	$ 28,412,230	$ **50,748,107**	$ 54,106,625

19. Government Assistance Program

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

20. Subsequent Events

On July 27, 2023, the Company's shareholders voted to approve a plan of arrangement (the "Domestication Plan of Arrangement") under section 288 of the Business Corporations Act (British Columbia) (the "BCBCA") involving, among other things, the continuance of the Company from British Columbia to the State of Nevada all as more particularly described in the Domestication Plan of Arrangement (the "Nevada Domestication"). As of the filing date hereof, the Company is pursuing the conditions and steps to complete the Domestication Plan of Arrangement and the Nevada Domestication.

Also, on July 27, 2023, our shareholders voted to approve and adopt the 2023 Equity Incentive Plan (the "Plan"). The Plan, when effective, would replace the Planet 13 Holdings Inc. 2018 Stock Option Plan and the Planet 13 Holdings Inc. 2018 Share Unit Plan (the "Prior Plans"). The Plan is subject to, and expected to become effective upon, the completion of the Nevada Domestication, at which time (a) no additional awards may be granted under the Prior Plans, and (b) all outstanding awards granted under the Prior Plans will remain subject to the terms of the Prior Plans. The Plan, when effective, would allow for a total of 22,000,000 shares of common stock of the Company, when it becomes a Nevada entity, to be made available for award thereunder. Any unsettled awards under the Prior Plans will reduce the number of shares available for future awards under the Plan.

21. Restatement of Previously Issued Consolidated Financial Statements

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

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

The Company has secured a partial settlement with Casa Verde for the release of $3.4 million of the WAB Funds, which the Company received on January 31, 2024. The remaining approximately $2 million of the WAB Funds (the "**Remaining Levied Funds**") is still in the possession of the Sheriff's Office while litigation is ongoing. The Company has not relinquished any right to the Remaining Levied Funds and continues to pursue their return. A hearing on the ultimate disposition of the Remaining Levied Funds is scheduled for April 29, 2024.

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

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

On January 25, 2024, in connection with the ongoing internal investigation, the Company concluded that its previously issued audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "**2022 Annual Report**") and the Company's previously issued unaudited consolidated financial statements included in the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023 (the "**2023 Quarterly Reports**" and, together with the 2022 Annual Report, the "**Reports**" and all financial statements included in the Reports, collectively, the "**Affected Financials**") should no longer be relied upon due to material errors due to the believed misappropriation of approximately $22.0 million of the Company's funds held by El Capitan. The impact of correcting these items was the recognition of a total of $16,283,225 provision for the misappropriated cash that has been reflected in the Affected Financials in the periods when the misappropriation occurred as reflected in the restated financial statements.

The impact on the restated unaudited interim condensed consolidated financial statements for the three and six months ending June 30, 2023 and 2022 is as follows:

June 30, 2023	**As Filed**	**Restatement Adjustments**	**As Restated**
Consolidated Balance Sheet			
Cash	$ 40,467,525	$ (16,009,979)	$ 24,457,546
Current Assets	$ 59,349,834	$ (16,009,979)	$ 43,339,855
Total Assets	$ 222,705,340	$ (16,009,979)	$ 206,695,361
Deficit	$ (131,788,062)	$ (16,009,979)	$ (147,798,041)
Total Shareholders' Equity	$ 182,237,795	$ (16,009,979)	$ 166,227,816
Total Liabilities and Shareholders' Equity	$ 222,705,340	$ (16,009,979)	$ 206,695,361

Three Months Ended June 30, 2023	**As Filed**	**Restatement Adjustments**	**As Restated**
Consolidated Statement of Operations and Comprehensive Loss			
Interest Income, Net	$ 299,306	$ (266,762)	$ 32,544
Total Other Income	$ 2,016,133	$ (266,762)	$ 1,749,371
(Loss) before Provision for Income Taxes	$ (1,486,468)	$ (266,762)	$ (1,753,230)
Net Loss and Comprehensive Loss	$ (4,349,325)	$ (266,762)	$ (4,616,087)
Basic and diluted loss per share	$ (0.02)	$ -	$ (0.02)

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Six Months Ended June 30, 2023		**As Filed**		**Restatement Adjustments**		**As Restated**
Consolidated Statement of Operations and Comprehensive Loss						
Interest Income, Net	$	591,563	$	(442,669)	$	148,894
Provision for Misappropriated Funds	$	-	$	(2,000,000)	$	(2,000,000)
Total Other Income	$	2,473,011	$	(2,442,669)	$	30,342
(Loss) before Provision for Income Taxes	$	(5,457,624)	$	(2,442,669)	$	(7,900,293)
Net Loss and Comprehensive Loss	$	(10,653,568)	$	(2,442,669)	$	(13,096,237)
Basic and diluted loss per share	$	(0.05)	$	(0.01)	$	(0.06)

Three Months Ended June 30, 2022		**As Filed**		**Restatement Adjustments**		**As Restated**
Consolidated Statement of Operations and Comprehensive Loss						
Interest Income, Net	$	45,258	$	(30,140)	$	15,118
Provision for Misappropriated Funds	$	-	$	(5,000,000)	$	(5,000,000)
Total Other Income (Expense)	$	2,669,528	$	(5,030,140)	$	(2,360,612)
Income (loss) before Provision for Income Taxes	$	852,559	$	(5,030,140)	$	(4,177,581)
Net Loss and Comprehensive Loss	$	(2,039,525)	$	(5,030,140)	$	(7,069,665)
Basic and diluted loss per share	$	(0.01)	$	(0.02)	$	(0.03)

Six Months Ended June 30, 2022		**As Filed**		**Restatement Adjustments**		**As Restated**
Consolidated Statement of Operations and Comprehensive Loss						
Interest Income, Net	$	72,611	$	(30,501)	$	42,110
Provision for Misappropriated Funds	$	-	$	(7,000,000)	$	(7,000,000)
Total Other Income	$	7,075,446	$	(7,030,501)	$	44,945
Income (loss) before Provision for Income Taxes	$	1,548,250	$	(7,030,501)	$	(5,482,251)
Net Loss and Comprehensive Loss	$	(4,100,596)	$	(7,030,501)	$	(11,131,097)
Basic and diluted loss per share	$	(0.02)	$	(0.03)	$	(0.05)

Six Months Ended June 30, 2023		**As Filed**		**Restatement Adjustments**		**As Restated**
Consolidated Statement of Cash Flows						
Net loss	$	(10,653,568)	$	(2,442,669)	$	(13,096,237)
Total Operating	$	(6,725,639)	$	(2,442,669)	$	(9,168,308)
Net Change in Cash During the Period	$	(11,889,389)	$	(2,442,669)	$	(14,332,058)
Cash Beginning of Period	$	52,356,914	$	(13,567,310)	$	38,789,604
Cash End of Period	$	40,467,525	$	(16,009,979)	$	24,457,546

Six Months Ended June 30, 2022		**As Filed**		**Restatement Adjustments**		**As Restated**
Consolidated Statement of Cash Flows						
Net loss	$	(4,100,596)	$	(7,030,501)	$	(11,131,097)
Total Operating	$	1,185,636	$	(7,030,501)	$	(5,844,865)
Net Change in Cash During the Period	$	(8,973,519)	$	(7,030,501)	$	(16,004,020)
Cash Beginning of Period	$	61,588,843	$	(3,001,891)	$	58,586,952
Cash End of Year	$	52,615,324	$	(10,032,392)	$	42,582,932

In addition, amounts were restated in the following:

- Note 6, *Intangible Assets*
- Note 12, *Loss Per Share*