

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 **June 30, 2024**

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: **000-56374**

PLANET 13 HOLDINGS INC.

(Exact name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

2548 West Desert Inn Road, Suite 100
Las Vegas, Nevada

(Address of principal executive offices)

83-2787199

(I.R.S. Employer
Identification No.)

89109

(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 Stock

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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 August 8, 2024, there were 325,163,800 shares of common stock outstanding.

Planet 13 Holdings Inc.
Quarterly Report on Form 10-Q
For Quarterly Period Ended June 30, 2024

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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 United States securities laws and Canadian 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: the anticipated benefits of the acquisition of VidaCann, LLC, including the corporate, operational and financial benefits, our strategic plans and expansion and expectations regarding the growth of the California, Florida and Illinois cannabis markets; 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.

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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; risks related to the COVID-19 pandemic; 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 our common stock to resell over the Canadian Securities Exchange; price volatility of our common stock; 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, 2023 and subsequent reports.

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)**

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash	\$ 26,669,774	\$ 11,831,008
Restricted Cash	2,050,584	5,450,584
Accounts Receivable	1,077,045	1,195,927
Inventory	20,799,887	15,760,648
Assets held for sale	-	9,000,000
Prepaid Expenses and Other Current Assets	4,072,604	4,072,820
Total Current Assets	54,669,894	47,310,987
Plant, Property and Equipment	74,491,364	67,551,697
Intangible Assets	23,503,797	15,253,797
Goodwill	46,682,755	-
Right of Use Assets - Operating	41,348,972	20,054,369
Long-term Deposits and Other Assets	989,376	869,853
Deferred Tax Asset	747,619	706,038
TOTAL ASSETS	\$ 242,433,777	\$ 151,746,741
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current:		
Accounts Payable	\$ 2,441,225	\$ 2,850,922
Accrued Expenses	8,910,590	6,097,641
Income Taxes Payable	11,372,454	4,782,538
Notes Payable - Current Portion	10,331,632	884,000
Operating Lease Liabilities	1,690,579	674,594
Total Current Liabilities	34,746,480	15,289,695
Long-Term Liabilities:		
Operating Lease Liabilities	45,908,396	25,271,706
Other Long-term Liabilities	33,000	33,000
Deferred Tax Liability	3,685,698	3,511,559
Total Liabilities	84,373,574	44,105,960
SHAREHOLDERS' EQUITY		
Common Stock, no par value, 1,500,000,000 shares authorized, 325,163,800 issued and outstanding at June 30, 2024 and 223,317,270 at December 31, 2023	-	-
Preferred Stock, no par value, 50,000,000 shares authorized, 0 issued and outstanding at June 30, 2024 and 0 at December 31, 2023	-	-
Additional Paid-In Capital	380,317,680	315,951,343
Deficit	(222,257,477)	(208,310,562)
Total Shareholders' Equity	158,060,203	107,640,781
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 242,433,777	\$ 151,746,741

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, except Share Amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues, net of discounts	\$ 31,088,254	\$ 25,832,711	\$ 53,965,725	\$ 50,748,107
Cost of Goods Sold	(15,251,527)	(13,950,477)	(27,644,519)	(27,983,062)
Gross Profit	15,836,727	11,882,234	26,321,206	22,765,045
Expenses:				
General and Administrative	12,277,708	11,271,370	22,302,495	22,226,376
Sales and Marketing	1,517,640	1,332,498	2,808,377	2,668,237
Lease Expense	1,045,611	794,389	1,820,557	1,579,025
Impairment Loss	2,393,087	-	2,393,087	-
Depreciation	2,145,048	1,986,578	4,204,071	4,222,042
Total Expenses	19,379,094	15,384,835	33,528,587	30,695,680
Loss From Operations	(3,542,367)	(3,502,601)	(7,207,381)	(7,930,635)
Other Income (Expense):				
Interest income, net	84,580	32,544	109,142	148,894
Foreign exchange gain (loss)	(6,945)	4,229	(10,042)	6,116
Change in fair value of warrant liability	-	-	-	18,127
Provision for misappropriated funds	-	-	-	(2,000,000)
Other income (expense), net	(557,479)	1,712,598	(443,730)	1,857,205
Total Other Income (Loss)	(479,844)	1,749,371	(344,630)	30,342
Loss Before Provision for Income Taxes	(4,022,211)	(1,753,230)	(7,552,011)	(7,900,293)
Provision For Income Taxes				
Current Tax Expense	(3,898,486)	(2,904,644)	(6,262,346)	(5,169,732)
Deferred Tax Recovery	(152,449)	41,787	(132,558)	(26,212)
	(4,050,935)	(2,862,857)	(6,394,904)	(5,195,944)
Net Loss and Comprehensive Loss	\$ (8,073,146)	\$ (4,616,087)	\$ (13,946,915)	\$ (13,096,237)
Loss per Share				
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)	\$ (0.05)	\$ (0.06)
Weighted Average Number of Shares of Common Stock				
Basic and diluted	289,175,997	221,791,320	258,806,771	221,439,841

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		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares of Common Stock	Warrants			
Balance, December 31, 2022	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	222,247,854	295,838	\$ 314,025,857	\$ (147,798,041)	\$ 166,227,816
Balance, December 31, 2023	223,317,270	-	\$ 315,951,343	\$ (208,310,562)	\$ 107,640,781
Share based Compensation - RSUs	-	-	129,477	-	129,477
Share based Compensation - RSUs - Taxes Paid in Lieu of Share Issuance	-	-	(45,833)	-	(45,833)
Shares Issued on Settlement of RSUs	1,224,278	-	-	-	-
Proceeds from public offering	18,750,000	18,750,000	11,250,000	-	11,250,000
Share issuance costs	-	-	(1,387,792)	-	(1,387,792)
Shares Issued in VidaCann Acquisition	81,872,252	-	54,420,485	-	54,420,485
Net Loss for the Period	-	-	-	(13,946,915)	(13,946,915)
Balance, June 30, 2024	325,163,800	18,750,000	\$ 380,317,680	\$ (222,257,477)	\$ 158,060,203

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)

	Six Months Ended	
	June 30, 2024	June 30, 2023
CASH USED IN OPERATING ACTIVITIES		
Net loss	\$ (13,946,915)	\$ (13,096,237)
Adjustments for items not involving cash:		
Shared based compensation	129,477	1,323,618
Non-cash lease expense	747,863	2,559,990
Depreciation	6,249,458	6,230,026
Change in fair value of warrant liability	-	(18,127)
Deferred Tax Recovery	-	(4,340)
Lease incentive amortization	54,554	(52,231)
Loss on impairment of fixed assets	2,393,489	-
Loss on disposal of Intangible assets	762,091	-
Loss (gain) on disposal of fixed assets	86,140	(14,749)
	<u>(3,523,843)</u>	<u>(3,072,050)</u>
Net Changes in Non-cash Working Capital Items	7,731,109	(4,079,677)
Repayment of lease liabilities	(444,345)	(2,016,581)
Total Operating	3,762,921	(9,168,308)
FINANCING ACTIVITIES		
RSU withholding taxes paid in lieu of share issuance	-	(267,526)
Proceeds from public share issuance	9,862,208	-
Net Cash From VidaCann Acquisition	589,666	-
VidaCann Acquisition-Cash Component	(4,000,000)	-
Total Financing	6,451,874	(267,526)
INVESTING ACTIVITIES		
Purchase of property and equipment	(7,018,532)	(4,070,701)
Proceeds from sales of fixed assets	4,594	40,727
Purchase of 51% interest in Planet 13 Illinois	-	(866,250)
Proceeds from sale of Florida License, net of transaction costs	8,237,909	-
Total Investing	1,223,971	(4,896,224)
NET CHANGE IN CASH DURING THE PERIOD	11,438,766	(14,332,058)
CASH		
Beginning of Period	17,281,592	38,789,604
End of Period	<u>\$ 28,720,358</u>	<u>\$ 24,457,546</u>

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

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

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

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

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

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

2. Basis of Presentation

These 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, 2023 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. 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 condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on August 8, 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 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 June 30, 2024	Jurisdiction of Incorporation	Ownership Interest 2024	Ownership Interest 2023	Nature of Business
MM Development Company, Inc. ("MMDC")	Nevada, USA	100%	100%	Nevada license holding company; vertically integrated cannabis operations
BLC Management Company LLC	Nevada, USA	100%	100%	Management/holding company
LBC CBD LLC ("LBC")	Nevada, USA	100%	100%	CBD retail sales and marketing
Newtonian Principles Inc.	California, USA	100%	100%	California license holding company; cannabis retail sales
Crossgate Capital U.S. Holdings Corp.	Nevada, USA	100%	100%	Holding company
Next Green Wave, LLC	California, USA	100%	100%	California license holding company; cannabis cultivation and processing
Planet 13 Illinois, LLC	Illinois, USA	100%	100%	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 Real Prop, LLC	Florida, USA	100%	100%	Holding company
Planet 13 Lifestyles LLC	Nevada, USA	100%	0%	Retail sales of apparel and accessories
Club One Three, LLC	Nevada, USA	100%	100%	Inactive
Planet 13 Florida Inc.	Florida, USA	0%	100%	Florida license holding company
VidaCann, LLC	Florida, USA	100%	0%	Florida license holding company

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

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not 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, 2024	December 31, 2023
Raw materials	\$ 7,778,645	\$ 5,810,800
Packaging and miscellaneous	2,235,151	1,758,152
Work in progress	6,038,434	3,375,296
Finished goods	4,747,657	4,816,400
	\$ 20,799,887	\$ 15,760,648

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, 2024, the Company recognized \$15,251,527 and \$27,644,519 (2023 - \$13,950,477 and \$27,983,062) of inventory expensed to cost of goods sold.

4. Prepaid Expenses and Other Current Assets

	June 30, 2024	December 31, 2023
Security deposits	\$ 370,256	\$ 306,561
Advertising and Marketing	32,468	27,222
Prepaid rent	895,882	410,313
Insurance	406,463	779,638
License fees	1,538,673	126,923
Miscellaneous	828,862	2,422,163
	\$ 4,072,604	\$ 4,072,820

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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5. Property and Equipment

	Land and Improvements	Buildings	Equipment	Leasehold Improvements	Construction in Progress	Total
Gross carrying amount						
At December 31, 2023	\$ 6,691,107	\$ 17,639,365	\$ 13,843,385	\$ 64,551,017	\$ 5,583,614	\$ 108,308,488
Additions	-	860,730	2,761,689	7,025,132	5,025,801	15,673,352
Transfers			226,094	1,750,712	(1,976,806)	-
Disposals	-	-	(43,653)	-	(2,456,047)	(2,499,700)
At June 30, 2024	<u>\$ 6,691,107</u>	<u>\$ 18,500,095</u>	<u>\$ 16,787,515</u>	<u>\$ 73,326,861</u>	<u>\$ 6,176,562</u>	<u>\$ 121,482,140</u>
Depreciation						
At December 31, 2023	\$ 262,259	\$ 914,436	\$ 8,803,434	\$ 30,776,662	\$ -	\$ 40,756,791
Additions	11,092	379,543	1,260,467	4,598,356	-	6,249,458
Disposals	-	-	(15,473)	-	-	(15,473)
At June 30, 2024	<u>\$ 273,351</u>	<u>\$ 1,293,979</u>	<u>\$ 10,048,428</u>	<u>\$ 35,375,018</u>	<u>\$ -</u>	<u>\$ 46,990,776</u>
Carrying amount						
At December 31, 2023	\$ 6,428,848	\$ 16,724,929	\$ 5,039,951	\$ 33,774,355	\$ 5,583,614	\$ 67,551,697
At June 30, 2024	<u>\$ 6,417,756</u>	<u>\$ 17,206,116</u>	<u>\$ 6,739,087</u>	<u>\$ 37,951,843</u>	<u>\$ 6,176,562</u>	<u>\$ 74,491,364</u>

As at June 30, 2024, 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.

For the six months ended June 30, 2024, depreciation expense was \$6,249,458 (2023 - \$6,230,026) of which \$2,045,387 (2023 - \$2,007,984) was included in cost of goods sold and inventory.

During the six months ended June 30, 2024, \$1,967,806 was transferred from Construction in Progress to the other fixed accounts (2023 - \$0).

During the six months ended June 30, 2024, we recognized an impairment charge of \$2,393,087 against the Construction In Progress assets relating to a building in Florida was written down to its estimated net recoverable value. (2023 - \$0).

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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6. Intangible Assets

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Cultivation Coalinga CA	Retail Dispensary Waukegan IL	Florida MMTC License- VidaCann	Other	Total
Gross carrying amount								
Balance, December 31, 2023	\$ 6,151,343	\$ 690,000	\$ 709,798	\$ 5,860,000	\$ 1,812,656	\$ -	\$ 30,000	\$ 15,253,797
Additions	-	-	-	-	-	8,250,000	-	8,250,000
Balance at June 30, 2024	<u>\$ 6,151,343</u>	<u>\$ 690,000</u>	<u>\$ 709,798</u>	<u>\$ 5,860,000</u>	<u>\$ 1,812,656</u>	<u>\$ 8,250,000</u>	<u>\$ 30,000</u>	<u>\$ 23,503,797</u>

VidaCann Acquisition

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

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

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

Pursuant to the Purchase Agreement, the Company acquired VidaCann from the Sellers for agreed consideration at closing of the Transaction (the “**Closing**”) equal to the sum of: (i) 81,872,252 shares of common stock of the Company (the “**Base Share Consideration**”), of which 1,307,698 shares were issued to VidaCann’s industry advisor (the “**VC Advisor**”); (ii) a cash payment of US\$4,000,000 (the “**Closing Cash Payment**”); and (iii) promissory notes issued by the Company to the Sellers in the aggregate principal amount of US\$5,000,000, with each of the above components subject to adjustments as set out in the Purchase Agreement. Based on the closing price of the Company’s common shares of (CAD\$0.9100) US\$0.6647 on May 9, 2024 on the Canadian Securities Exchange (the “**CSE**”) (based on the Bank of Canada CAD to USD exchange rate on May 9, 2024 of CAD\$1.00=US\$0.7304), the total consideration was valued at approximately US\$63.4 million. As contemplated by the definitive agreement, VidaCann continued to have US\$3 million of bank indebtedness and US\$1.5 million of related party notes to former VidaCann managers at the time of closing, which were assumed by the Company. The Seller of the majority interest in VidaCann also has the right to nominate a director to the Company’s board of directors effective the next business day following the Company’s 2024 annual meeting of stockholders in June. The Seller has selected David Loop, the former Chief Executive Officer of VidaCann, as its board nominee.

PLANET 13 HOLDINGS INC.**Notes to the Interim Condensed Consolidated Financial Statements
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The VidaCann acquisition was deemed to be a business combination under ASC 805 and the Company is in the process of finalizing the purchase price allocation analysis related to this acquisition. The initial purchase accounting is incomplete by the end of the reporting period ended June 30, 2024. The Company expects to recognize additional assets and liabilities during the measurement period, as well as potential adjustments to the provisional estimates of fair value as new information is obtained.

The Company has allocated \$8.25M of the purchase consideration above to the value of the Florida MMTc license obtained in the VidaCann acquisition.

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

Consideration paid:

Cash	\$	4,000,000
Issuance of 81,872,252 Common Shares		54,420,485
Note Payable to Former VidaCann Shareholders		5,000,000
	\$	<u>63,420,485</u>

Fair value of net assets acquired:

Cash	\$	589,666
Inventory		4,997,170
Prepays and other assets		1,869,222
Property, plant and equipment		8,669,779
ROU Assets		21,371,614
Intangible assets		8,250,000
Goodwill		46,682,755
ROU Liabilities		(21,371,614)
Notes Payable		(4,447,632)
Accounts Payable and Accrued Liabilities		(3,190,475)
	\$	<u>63,420,485</u>

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

The goodwill arising from the VidaCann transaction consists of expected synergies from combining operations of the Company and VidaCann, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes.

VidaCann's state cannabis license represented an identifiable intangible asset acquired in the amount of \$8,250,000. The VidaCann cannabis license acquired has an indefinite life and as such will not be subject to amortization.

In connection with the VidaCann transaction, the Company expensed \$270,563 of acquisition-related costs, which have been included in general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss for the period ended June 30, 2024 and \$909,363 for the period ended December 31, 2023.

VidaCann contributed \$7,252,007 in Net Revenue, \$4,777,909 in Gross Profit and \$858,048 in Consolidated Comprehensive Net Income in the period ended June 30, 2024.

PLANET 13 HOLDINGS INC.**Notes to the Interim Condensed Consolidated Financial Statements
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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, 2024			Three Months Ended June 30, 2023		
	As Reported	VidaCann	Pro Forma	As Reported	VidaCann	Pro Forma
Revenue, net of discounts	\$ 31,088,254	\$ 5,670,617	\$ 36,758,871	\$ 25,832,711	\$ 8,375,659	\$ 34,208,370
Gross Profit	15,836,727	1,221,176	17,057,903	11,882,234	3,957,536	15,839,770
Comprehensive Income (loss) for the period	(8,073,146)	(858,640)	(8,931,786)	(4,616,087)	1,608,028	(3,008,059)

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	As Reported	VidaCann	Pro Forma	As Reported	VidaCann	Pro Forma
Revenue, net of discounts	\$ 53,965,725	\$ 18,181,672	\$ 72,147,397	\$ 50,748,107	\$ 16,019,220	\$ 66,767,327
Gross Profit	26,321,206	6,793,209	33,114,415	22,765,045	6,124,414	28,889,459
Comprehensive Income (loss) for the period	(13,946,915)	95,058	(13,851,857)	(13,096,237)	(645,149)	(13,741,386)

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.

Florida License

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

7. Leases

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

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 six-month periods ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Operating lease costs	\$ 1,799,330	\$ 1,254,393	\$ 3,063,515	\$ 2,499,034
Short term lease expense	69,038	20,381	81,588	24,977
Total lease costs	<u>\$ 1,868,368</u>	<u>\$ 1,274,774</u>	<u>\$ 3,145,103</u>	<u>\$ 2,524,011</u>

Other information related to operating and finance leases as of and for the six months ended June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
	Operating Lease	Operating Lease
Weighted average discount rate	15.00%	15.00%
Weighted average remaining lease term	8.32	13.19

The maturity of the contractual undiscounted lease liabilities as of June 30, 2024 and December 31, 2023 are:

	2024	2023
	Operating Lease	Operating Lease
2024	\$ 4,169,190	\$ 4,226,472
2025	8,486,384	4,318,603
2026	8,540,277	4,323,725
2027	8,589,670	4,414,249
2028	8,712,717	4,585,323
2029	8,720,871	4,753,273
2030	7,875,247	-
Thereafter	65,130,158	46,355,092
Total undiscounted lease liabilities	120,224,514	72,976,737
Interest on lease liabilities	(72,625,539)	(47,030,437)
Total present value of minimum lease payments	47,598,975	25,946,300
Lease liability - current portion	(1,690,579)	(674,594)
Lease liability	<u>\$ 45,908,396</u>	<u>\$ 25,271,706</u>

Principally all leases relate to real estate.

For the three and six months ended June 30, 2024, the Company incurred \$1,799,330 and \$3,063,515 of operating lease costs (2023 - \$1,254,393 and \$2,499,034), of which \$753,719 and \$1,242,958 (2023 - \$460,004 and 920,009) was allocated to cost of goods sold and inventory.

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

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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8. Notes Payable

	June 30, 2024	December 31, 2023
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
Promissory Note to Former VidaCann Shareholders	5,000,000	-
Promissory Note to La Fayette State Bank	2,947,632	-
Promissory Note to VidaCann former managers	1,500,000	-
	<u>\$ 10,331,632</u>	<u>\$ 884,000</u>
Less current portion	<u>(10,331,632)</u>	<u>(884,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

Stated maturities of debt obligations are as follow:

Next 12 months Promissory Note	<u>\$ 10,331,632</u>
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9. Share Capital

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

	Number of Shares of Common Stock	
	June 30, 2024	December 31, 2023
Common Stock		
Balance at January 1	223,317,270	220,470,061
Shares issued on settlement of RSUs	i. 1,224,278	783,832
Shares issued on exercise of purchase option (Note 6)	ii. -	1,063,377
Shares issued on legal settlement	iii. -	1,000,000
Shares issued on public offering	iv. 18,750,000	-
Shares issued in VidaCann Acquisition	v. 81,872,252	-
Total shares of common stock outstanding	<u>325,163,800</u>	<u>223,317,270</u>

i. Shares issued for Restricted Share Units

During the six months ended June 30, 2024, 485,185 RSUs were awarded under the 2023 Equity incentive plan. 185,185 of these RSUs vested (of which 83,333 RSUs were surrendered in exchange for tax withholding payments), 1,224,278 of vested RSUs were settled and no RSUs were cancelled. The Company did not receive any cash proceeds on the settlement of the RSUs.

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

PLANET 13 HOLDINGS INC.**Notes to the Interim Condensed Consolidated Financial Statements
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ii. Shares issued on exercise of purchase option

On February 7, 2023, the Company acquired the 51% ownership interest in Planet 13 Illinois LLC pursuant to an option agreement in exchange for cash consideration and the issuance of 1,063,377 shares of common stock of the Company (See Note 6).

iii. Shares issued in legal settlement

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

iv. Shares issued on public offering

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

v. Shares issued in VidaCann acquisition

On May 9, 2024, the Company issued 81,872,252 shares of common stock of Planet 13 (the "Share Consideration"); See note 6 above for details of the transaction.

10. Warrants

The following table summarizes the fair value of the warrant liability at June 30, 2024 and December 31, 2023.

	June 30, 2024	December 31, 2023
Balance - beginning of period	\$ -	\$ 18,127
Expirations	-	(18,127)
Foreign exchange	-	-
Change in fair value	-	-
Balance - end of period	<u>\$ -</u>	<u>\$ -</u>

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.

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The following table summarizes the number of warrants outstanding at June 30, 2024 and December 31, 2023. The 18,750,000 warrants issued on March 7, 2024 have an expiry date of March 7, 2029.

	<u>June 30, 2024</u>	<u>Weighted Average Exercise Price - USD</u>	<u>December 31, 2023</u>	<u>Weighted Average Exercise Price - CAD</u>
Balance - beginning of period	-	\$ -	5,206,463	\$ 8.88
Exercised	-	\$ -	-	\$ -
Issued	18,750,000	\$ 0.77	-	\$ -
Expired	-	\$ -	(5,206,463)	\$ 8.88
Balance - end of period	<u>18,750,000</u>	<u>\$ 0.77</u>	<u>-</u>	<u>\$ -</u>

11. Share Based Compensation

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

A total of 22,000,000 shares of Common Stock are available for grants under the 2023 Equity Plan and all other security based compensation arrangements of the Company, including the Prior Plans (the “**Total Share Reserve**”). Any outstanding awards under the Prior Plans on September 15, 2023 count towards the Total Share Reserve. As of September 15, 2023, 1,926,861 awards issued under the Prior Plans remained outstanding and, as of June 30, 2024, a maximum number of 19,102,769 shares of Common Stock are available for issuance under the 2023 Equity Plan, subject to adjustment pursuant to the terms of the 2023 Equity Plan.

(a) Stock Options

During the three and six months ended June 30, 2024 and the year ended December 31, 2023

No incentive stock options were granted during the three and six months ended June 30, 2024 or the year ended December 31, 2023.

The following table summarizes information about stock options outstanding at June 30, 2024:

<u>Expiry Date</u>	<u>Exercise price CAD\$</u>	<u>June 30, 2024 Outstanding</u>	<u>June 30, 2024 Exercisable</u>	<u>December 31, 2023 Outstanding</u>	<u>December 31, 2023 Exercisable</u>
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	97,322	97,322	97,322	97,322
		<u>603,125</u>	<u>603,125</u>	<u>603,125</u>	<u>603,125</u>

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

	June 30, 2024	Weighted Average Exercise Price - CAD	December 31, 2023	Weighted Average Exercise Price - CAD
Balance - beginning of period	603,125	\$ 2.58	792,518	\$ 2.34
Expired	-	-	(189,393)	2.46
Balance - end of period	<u>603,125</u>	<u>\$ 2.58</u>	<u>603,125</u>	<u>\$ 2.58</u>

Share based compensation expense attributable to employee options was \$0 and \$0 for the six months ended June 30, 2024 and 2023, respectively.

The total intrinsic value of stock options exercised, outstanding and exercisable as of June 30, 2024 and December 31, 2023 was \$0, \$0 and \$0, respectively.

(a) 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 could 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, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Balance - beginning of period	<u>1,122,429</u>	2,464,928
Issued	485,185	-
Exercised	(1,224,278)	(783,832)
Surrendered for taxes	(83,333)	(477,506)
Forfeited	-	(81,161)
Rounding adjustment	(3)	-
Balance - end of period	<u>300,000</u>	<u>1,122,429</u>

The Company recognized \$25,139 and \$129,477 in share-based compensation expense attributable to the RSU vesting schedule for the three and six months ended June 30, 2024 (\$602,627 and \$1,323,618 for the three and six months ended June 30, 2023).

During the six months ended June 30, 2024

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

During the six months ended June 30, 2023

No RSUs were granted, and 1,191,923 RSU's 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 RSU's.

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12. Loss Per Share

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Loss available to common shareholders	\$ (8,073,146)	\$ (4,616,087)	\$ (13,946,915)	\$ (13,096,237)
Weighted average number of shares outstanding, basic and diluted	289,175,997	221,791,320	258,806,771	221,439,841
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)	\$ (0.05)	\$ (0.06)

19,653,125 and 3,257,446 potentially dilutive securities for the three and six months ended June 30, 2024 and 2023, 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, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and wages	\$ 5,087,103	\$ 3,874,046	\$ 8,752,345	\$ 7,544,118
Share based compensation	25,139	602,627	129,477	1,323,618
Executive compensation	671,876	736,104	1,304,238	1,467,281
Licenses and permits	590,784	609,844	1,152,400	1,251,446
Payroll taxes and benefits	993,755	857,998	1,967,030	1,730,171
Supplies and office expenses	99,117	347,112	339,937	666,198
Subcontractors	64,823	525,175	182,042	1,031,962
Professional fees (legal, audit and other)	2,692,175	2,373,634	4,863,214	4,585,433
Miscellaneous general and administrative expenses	2,052,936	1,344,830	3,611,812	2,626,149
	\$ 12,277,708	\$ 11,271,370	\$ 22,302,495	\$ 22,226,376

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

	Six Months Ended	
	June 30, 2024	June 30, 2023
Change in Working Capital		
Accounts Receivable	\$ 118,882	\$ 5,797
Inventory	(42,069)	(1,707,634)
Prepaid Expenses and Other Assets	1,697,031	961,556
Long-term Deposits and Other Assets	52,885	29,692
Deferred Tax Assets	(41,581)	27,963
Deferred Tax Liabilities	174,139	-
Accounts Payable	(914,548)	(266,599)
Accrued Expenses	96,454	(1,085,184)
Income Taxes Payable	6,589,916	(2,045,268)
	<u>\$ 7,731,109</u>	<u>\$ (4,079,677)</u>
Cash Paid		
Interest Paid on Leases	\$ 2,250,057	\$ 2,034,471
Income Taxes	\$ -	\$ 4,250,000
Non-cash Financing and Investing Activities		
Shares Issued on Exercise of Purchase Option	\$ -	\$ 964,406
Lease additions	\$ 22,097,020	\$ 954,496
Fixed Asset Amounts in Accounts Payable	\$ 69,197	\$ 172,355
Reclassification of long term lease liabilities to current	\$ 1,015,985	\$ 65,883

15. Related Party Transactions and Balances

Related party transactions are summarized as follows:

For the three-month period ended June 30, 2024, no amounts, other than compensation paid under employment contracts, were paid to related parties (June 30, 2023 - \$nil).

For the three-month period ended June 30, 2024, no amounts were due to related parties (December 31, 2023 - \$nil).

16. Commitments and Contingencies

(a) Construction Commitments

The Company had \$893,335 of outstanding construction commitments as of June 30, 2024 (December 31, 2023 - \$3,140,447).

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(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, 2024, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2024, and December 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(d) Operating Licenses

Although the possession, cultivation, and distribution of marijuana for medical and adult use is permitted in Nevada 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 has some notes payable that are interest bearing, as well as funds held in an interest bearing money market account. Based on the balances involved, 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 adversely impact the Company, primarily due to the inability to raise additional funds through future stock offerings. The Company is not exposed to significant price risk.

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

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, 2024, the Company's financial liabilities consist of accounts payable, accrued liabilities, obligations under operating leases, notes payable 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 equity. 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, Florida, and California and has a small presence in Illinois. Should economic conditions deteriorate within any of these regions, 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.

18. Disaggregated Revenue

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

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Retail	\$ 27,623,721	\$ 21,359,936	\$ 46,661,385	\$ 41,712,902
Wholesale	3,464,533	4,472,775	7,304,340	9,035,205
Net revenues	<u>\$ 31,088,254</u>	<u>\$ 25,832,711</u>	<u>\$ 53,965,725</u>	<u>\$ 50,748,107</u>

PLANET 13 HOLDINGS INC.

**Notes to the Interim Condensed Consolidated Financial Statements
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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 to \$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 Annual Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2023. The Company accounted for the ERC credit pursuant to the guidance established in ASC 450-30, Gain Contingencies.

20. Provision for Stolen Funds

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

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

The Company has secured a partial settlement with Casa Verde for the release of \$3.4 million of the WAB Funds, which the Company received on January 31, 2024. The remaining approximately \$2 million of the WAB Funds (the “**Remaining Levied Funds**”) is still in the possession of the Sheriff’s Office 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 pending.

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 Wadhwa, and Jamie Nash, the spouse of Andrew Nash (collectively, the “**Defendants**”) seeking approximately \$16.5 million in compensatory damages and other relief. The Company alleges that each Defendant is liable for their involvement in a scheme to defraud the Company of funds managed by El Capitan in its capacity as the Company’s fiduciary.

The loss provision for the six months ended June 30, 2024 was \$0, compared to a loss of \$2,000,000 for the six months ended June 30, 2023.

PLANET 13 HOLDINGS INC.
Notes to the Interim Condensed Consolidated Financial Statements
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21. Subsequent Events

None.

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 and six months ended June 30, 2024. It is supplemental to, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2024 and 2023, 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.

In this MD&A, 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.

This MD&A contains certain “forward-looking statements” and certain “forward-looking information” as defined under applicable United States and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading “Disclosures 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, 2023, as filed with the Securities and Exchange Commission (“**SEC**”) on March 13, 2024.

As of June 30, 2024, we employed approximately 1,000 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) VidaCann, LLC (“**VidaCann**”) which holds our Florida Medical Marijuana Treatment Center (“**MMTC**”) license, and (e) Planet 13 Illinois, LLC (“**Planet 13 Illinois**”) which holds our 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.

Nevada

As of June 30, 2024, we held the following licensed cannabis operations in Nevada: (a) one dispensary superstore adjacent to the Las Vegas Strip with 24,000 square feet of licensed dispensary (the “**Planet 13 Las Vegas Superstore**”), (b) one “neighborhood store” at 2,300 square feet of licensed dispensary (the “**Medizin dispensary**”), (c) one 2,300 square foot consumption lounge co-located with the Planet 13 Las Vegas Superstore, (d) three 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, (e) three 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 (f) one 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 June 30, 2024, we held the following licensed operations in California: (a) an adult-use and medical 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 June 30, 2024, 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 June 30, 2024, there were 25 companies with MMTC licenses in Florida, several 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.

See Recent Developments for further information related to the Company's Florida operations and its sale of Planet 13 Florida Inc. and the acquisition of VidaCann, LLC.

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 dispensing location in Waukegan, Illinois, for an approximately 8,000 square foot building on 1.9 acres, previously occupied by a financial institution tenant. The dispensary opened on December 4, 2023. The town of Waukegan is suburb of the greater Chicago area and close to the Illinois-Wisconsin state border.

COVID-19 Pandemic Update for Second Quarter 2024

The long-term economic impact of COVID-19 remains unknown and may result in significant impact or changes to ongoing international or national fiscal or enforcement policies, inflation, supply chains, customer purchasing and shopping habits, and other key metrics, any of which could have a significant or material negative effect on the Company.

Recent Developments

The following are recent developments occurring in the three months ended June 30, 2024, and following that period until the filing date of this Form 10-Q:

Sale of Planet 13 Florida: VidaCann Acquisition

On May 6, 2024, we closed the previously announced sale of Planet 13 Florida Inc. ("**Planet 13 Florida**"), following the previously announced approval from the Florida Office of Medical Marijuana Use on April 26, 2024. We sold 100% of our equity interests of Planet 13 Florida in exchange for US\$9,000,000. On May 10, 2024, we formally closed our acquisition ("**Acquisition**") of VidaCann, LLC ("**VidaCann**") that had closed escrow on May 9, 2024, a Florida Medical Marijuana Treatment Center, which added the following to the Planet 13 portfolio: 26 medical dispensaries, 272,000 square feet of canopy space located on a 160-acre parcel of land which will allow for as much expansion of cultivation and manufacturing activities as needed, and a 7,000 square-foot manufacturing facility. Pursuant to the Acquisition, we acquired VidaCann for approximately US\$63.4 million, consisting of: (i) 81,872,252 common shares of Planet 13; (ii) US\$4 million in cash; and (iii) US\$5 million aggregate principal amount of promissory notes, with each of the above components subject to adjustments as set out in the Membership Interest Purchase Agreement, as more fully described in the Current Report on Form 8-K filed with the SEC on May 14, 2024.

We intend to continue building on VidaCann's track record of success by adding indoor cultivation to widen the selection at VidaCann stores. We will also bring our award-winning and hugely successful Nevada brands to Florida to continue improving per-store economics. In addition to enhancing per-store revenue generation, we expect to selectively add stores to round out coverage of VidaCann's network and explore adding SuperStores to tier-one tourist destinations based on the outcome of the adult-use ballot initiative in Florida scheduled for the November 5, 2024 election.

Results of Operations

<i>Expressed in USD\$</i>	Three Months Ended		Percentage Change
	June 30, 2024	June 30, 2023	
Revenue			
Net revenue	31,088,254	25,832,711	20.3%
Cost of Goods Sold	(15,251,527)	(13,950,477)	9.3%
Gross Profit	15,836,727	11,882,234	33.3%
Gross Profit Margin %	50.9%	46.0%	
Expenses			
General and Administrative	12,277,708	11,271,370	8.9%
Sales and Marketing	1,517,640	1,332,498	13.9%
Lease expense	1,045,611	794,389	31.6%
Impairment loss	2,393,087	—	-
Depreciation and Amortization	2,145,048	1,986,578	8.0%
Total Expenses	19,379,094	15,384,835	26.0%
Income (Loss) From Operations	(3,542,367)	(3,502,601)	1.1%
Other Income (Expense):			
Interest income, net	84,580	32,544	159.9%
Foreign exchange gain (loss)	(6,945)	4,229	(264.2)%
Other income (expense), net	(557,479)	1,712,598	(132.6)%
Total Other Income	(479,844)	1,749,371	(127.4)%
Loss for the period before tax	(4,022,211)	(1,753,230)	129.4%
Provision for income tax (current and deferred)	4,050,935	2,862,857	41.5%
Loss for the period	(8,073,146)	(4,616,087)	74.9%
Loss per share for the period			
Basic and fully diluted income (loss) per share	\$ (0.03)	\$ (0.02)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	289,175,997	221,791,320	

<i>Expressed in USD\$</i>	Six Months Ended		Percentage Change
	June 30, 2024	June 30, 2023	
Revenue			
Net revenue	53,965,725	50,748,107	6.3%
Cost of Goods Sold	(27,644,519)	(27,983,062)	(1.2)%
Gross Profit	26,321,206	22,765,045	15.6%
Gross Profit Margin %	48.8%	44.9%	
Expenses			
General and Administrative	22,302,495	22,226,376	0.3%
Sales and Marketing	2,808,377	2,668,237	5.3%
Lease expense	1,820,557	1,579,025	15.3%
Impairment loss	2,393,087	—	-
Depreciation and Amortization	4,204,071	4,222,042	(0.4)%
Total Expenses	33,528,587	30,695,680	9.2%
Income (Loss) From Operations	(7,207,381)	(7,930,635)	(9.1)%
Other Income (Expense):			
Interest income, net	109,142	148,894	(26.7)%
Foreign exchange gain (loss)	(10,042)	6,116	(264.2)%
Change in fair value of warrants	—	18,127	(100.0)%
Other income (expense), net	(443,730)	1,857,205	(123.9)%
Total Other Income	(344,630)	2,030,342	(117.0)%
Loss for the period before tax	(7,552,011)	(7,900,293)	(4.4)%
Provision for income tax (current and deferred)	(6,394,904)	(5,195,944)	23.1%
Loss for the period	(13,946,914)	(13,096,237)	6.5%
Loss per share for the period			
Basic and fully diluted income (loss) per share	\$ (0.05)	\$ (0.06)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	258,806,771	221,439,841	

We experienced an increase in net revenue of 20.3% during the three months ended June 30, 2024 and an increase of 6.3% during the six months ended June 30, 2024 when compared to the three and six months ended June 30, 2023. The increase is primarily attributable to the acquisition of VidaCann that closed on May 10, 2024. The results for the six months ended June 30, 2024 include six weeks of VidaCann operations that were not owned by the Company in the prior year period. The addition of revenue from the VidaCann operations more than offset the reduction in the number of customers and size of the average ticket at our Planet 13 Las Vegas Superstore location compared to the prior year periods. Wholesale revenue in California and Nevada decreased by \$1,017,241 during the three months ended June 30, 2024 and decreased by \$1,730,865 during the six months ended June 30, 2024 when compared to the prior year periods. Overall, net revenue increased by \$5,255,543 during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023, and revenue increased by \$3,217,618 during the six months ended June 30, 2024 when compared to the six months ended June 30, 2023. 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 six months ended June 30, 2024 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 the six months ended June 30, 2024 when compared to the prior year period. These declines were more than offset by the inclusion of 6 weeks of operations from VidaCann.

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Details of net revenue by product category are as follows:

	Three Months Ended		Percentage Change
	June 30, 2024	June 30, 2023	
Flower	\$ 11,580,127	\$ 8,508,916	36.1%
Concentrates	9,616,344	7,134,512	34.8%
Edibles	5,033,261	4,301,583	17.0%
Topicals and Other Revenue	1,393,989	1,405,926	(0.8)%
Wholesale	3,464,533	4,481,774	(22.7)%
Net revenue	\$ 31,088,254	\$ 25,832,711	20.3%

	Six Months Ended		Percentage Change
	June 30, 2024	June 30, 2023	
Flower	\$ 18,810,294	\$ 16,011,313	17.5%
Concentrates	16,638,057	14,109,618	17.9%
Edibles	8,832,298	8,958,876	(1.4)%
Topicals and Other Revenue	2,380,736	2,633,096	(9.6)%
Wholesale	7,304,340	9,035,205	(19.2)%
Net revenue	\$ 53,965,725	\$ 50,748,107	6.3%

Gross profit margin for the three months ended June 30, 2024 was 50.9% compared to 46.0% for the three months ended June 30, 2023 and was 48.8% for the six months ended June 30, 2024 compared to 44.9% for the six months ended June 30, 2023. The increase in gross profit margin for the three and six months ended June 30, 2024 was a result of a decrease in retail sales incentives during the period and a reduction in the level of 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, that were sold in our own stores continued to have a positive impact on gross margins during the three and six months ended June 30, 2024, helping to partially offset the lower margins received on the sale of wholesale product and sales to local customers in the State of Nevada. Margins on retail sales from the 6 weeks of VidaCann LLC operations also had a positive impact on the overall level of gross margins. We anticipate that margins will trend upward as 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 store and across the Florida store network.

Our premium cultivation facilities were operating near capacity during the three and six months ended June 30, 2024 and June 30, 2023, respectively. The amount of cannabis grown during the period increased when compared to the prior year period due to higher yields across all of our cultivation facilities during the period. 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 and six months ended June 30, 2024. The VidaCann cultivation operations were also operating at or near capacity during the 6 weeks that they were owned by Planet 13. We have begun implementing improvements to the Florida cultivation operations which should increase the availability of premium flower and other products across the Florida store network.

Overall gross profit was \$15,836,727 and \$11,882,234 for the three months ended June 30, 2024 and 2023 respectively, an increase of 33.3%, and was \$26,321,206 and \$22,765,045 for the six months ended June 30, 2024 and 2023, respectively, an increase of 15.6%. General and Administrative (“G&A”) expenses (which include non-cash share-based compensation expenses) increased by 8.9% during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023 and increased by 0.3% for the six months ended June 30, 2024 compared to June 30, 2023. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 39.4% for the three months ended June 30, 2024, (41.1% for the six months ended June 30, 2024) compared to 41.3% for the three months ended June 30, 2023. (41.2% for the six months ended June 30, 2023).

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

	Three Months Ended		Percentage Change
	June 30, 2024	June 30, 2023	
Salaries and wages	\$ 5,087,103	\$ 3,874,046	31.3%
Share-based compensation expense	25,139	602,627	(95.8)%
Executive compensation	671,876	736,104	(8.7)%
Licenses and permits	590,784	609,844	(3.1)%
Payroll taxes and benefits	993,755	857,998	15.8%
Supplies and office expenses	99,117	347,112	(71.4)%
Subcontractors	64,823	525,175	(87.7)%
Professional fees (legal, audit and other)	2,692,175	2,373,634	13.4%
Miscellaneous general and administrative expenses	2,052,936	1,344,830	52.7%
	<u>\$ 12,277,708</u>	<u>\$ 11,271,370</u>	<u>8.9%</u>
	Six Months Ended		
	June 30, 2024	June 30, 2023	Percentage Change
Salaries and wages	\$ 8,752,345	\$ 7,544,118	16.0%
Share-based compensation expense	129,477	1,323,618	(90.2)%
Executive compensation	1,304,238	1,467,281	(11.1)%
Licenses and permits	1,152,400	1,251,446	(7.9)%
Payroll taxes and benefits	1,967,030	1,730,171	13.7%
Supplies and office expenses	339,937	666,198	(49.0)%
Subcontractors	182,042	1,031,962	(82.4)%
Professional fees (legal, audit and other)	4,863,214	4,585,433	6.1%
Miscellaneous general and administrative expenses	3,611,812	2,626,149	37.5%
	<u>\$ 22,302,495</u>	<u>\$ 22,226,376</u>	<u>0.3%</u>

Non-cash, share-based compensation of \$25,139 was recognized during the three months ended June 30, 2024, decreasing from \$602,627 that was recognized during the three months ended June 30, 2023. During the six months ended June 30, 2024, non-cash, share-based compensation expense of \$129,477 was recognized compared to \$1,323,618 for the six months ended June 30, 2023. 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 1/3 on December 1, 2023. Compared to the 485,185 RSUs granted on March 22, 2024, of which 185,185 vested immediately. 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, 2023, 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 13.9% or \$185,142 during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023, (increased by 5.3% or \$140,140 for the six months ended June 30, 2024, when compared to the three months ended June 30, 2023). 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 as well as the addition of sales and marketing activities related to our Florida operations.

Lease expense increased by 31.6% during the three months ended June 30, 2024, when compared to the three months ended June 30, 2023 (increased 15.3% during the six months ended June 30, 2024, compared to the six months ended June 30, 2023) due to the addition of a number of Florida locations as well as increases in the amount of contracted lease rates for our leased properties during the period.

Depreciation and amortization increased by 8.0% during the three months ended June 30, 2024, when compared to the prior year period (decreased 0.4% during the six-month period) as a result of the acquisition of VidaCann.

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We recorded an impairment loss of \$2,393,087 for the three and six months ended June 30, 2024 (\$0 for the three and six months ended June 30, 2023) related to the write-down to net realizable value of construction in process assets for a steel building kit structure at our Florida operations that is no longer going to be used in the operations.

Interest expense, net was \$84,580 incurred during the three months ended June 30, 2024, compared to interest expense, net of \$32,544 incurred during the three months ended June 30, 2023 (interest expense, net was \$109,142 and \$148,894 for the six months ended June 30, 2024 and 2023, respectively). Interest expense is related to accrued interest on our long-term debt that is due and payable on demand. The balance of long-term debt as of June 30, 2024, was \$10,331,632 compared to \$884,000 as of December 31, 2023.

We conduct our operations in both United States dollars and Canadian dollars, holding financial assets and incurring expenses in both currencies, and holding all of our currency in US Dollars. The foreign currency gains/losses reflect fluctuations in the underlying exchange rates on the dates expenses are incurred compared to when they are paid. 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 and six months ended June 30, 2024, the change in fair value of the warrants resulted in a gain of \$0 (gain of \$18,127 during the six months ended June 30, 2023).

Other income (expense), consisting of a loss on transaction costs relating to the sale of Planet 13 Florida, Automated Teller Machine ("**ATM**") fees, and other miscellaneous income/expense was income of \$557,479 for the three months ended June 30, 2024, compared to other income consisting of a gain on Employee Retention Credits, ATM fees, and other miscellaneous income/expense of \$1,712,598 for the three months ended June 30, 2023.

Income tax expense for the three months ended June 30, 2024, was \$4,050,935 compared to \$2,862,857 for the prior year period. Income tax expense was \$6,394,904 for the six months ended June 30, 2024 compared to \$5,195,944 for the six months ended June 30, 2023. The tax expense increased due to the increase in taxable profitability during the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023. 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 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 June 30, 2024, was \$8,073,146 ((\$0.03) per share) compared to an overall net loss of \$4,616,087 ((\$0.02) per share) for the three months ended June 30, 2023. The overall net loss for the six months ended June 30, 2024 was \$13,946,914 ((\$0.05) per share) compared to an overall net loss of \$13,096,237 ((\$0.06) per share) for the six months ended June 30, 2023.

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; dispensary, cultivation and distribution operations in the State of California; dispensary operations in the State of Illinois; and vertically integrated dispensary, cultivation, and production operations in the State of Florida.

Liquidity and Capital Resources

As of June 30, 2024, 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 June 30, 2024, we had working capital of \$23,821,900 compared to working capital of \$32,021,292 as of December 31, 2023. 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, and the further expansion of operations in Nevada and California.

The following table relates to the six months ended June 30, 2024 and 2023:

	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash flows provided by operating activities	\$ 3,762,921	\$ (9,168,308)
Cash flows provided by investing activities	1,223,971	(4,896,224)
Cash flows provided by financing activities	6,451,874	(267,526)

Cash Flows from Operating Activities

Net cash provided by operating activities was \$3,762,921 for the six months ended June 30, 2024, compared to cash used in operating activities of \$9,168,308 for the six months ended June 30, 2023. A significant portion of the increase in cash provided by operating activities is directly attributable to the net change in certain working capital items during the six months ended June 30, 2024, when compared to the six months ended June 30, 2023.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities was \$1,223,971 for the six months ended June 30, 2024, compared to net cash used in investing activities of \$4,896,224 for the six months ended June 30, 2023. The cash provided by investing activities for the six months ended June 30, 2024 was a result of the net cash received after factoring in the sale of Planet 13 Florida during the period that more than offset the cash used on the purchase of property and equipment during the period. No such cash inflow occurred during the prior year period.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$6,451,874 during the six months ended June 30, 2024, compared to net cash used in financing activities of \$267,526 for the six months ended June 30, 2023. The increase was a result of the net cash proceeds received on the closing of an equity financing in March 2024 offset by cash used in the acquisition of VidaCann.

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. 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 June 30, 2024, or as of December 31, 2023, 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, 2023.

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, 2023.

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 Form 10-Q, as of June 30, 2024, 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 ineffective as of June 30, 2024 due to the identification of the material weaknesses discussed below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed under the supervision of our co-CEOs and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

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Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based upon that assessment, our management, including the co-CEOs and CFO, concluded that our internal controls over financial reporting were ineffective as of June 30, 2024 and December 31, 2023 due to the identification of the material weaknesses discussed below.

Identified Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We identified that certain process-level controls associated with third party vendor selection, retention and monitoring and well as processes designed to mitigate risks associated with fraud were not operated effectively. These ineffective controls were attributable to insufficient policies and procedures and training that impaired our ability to timely discover potential third party fraudulent activity.

The control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. Therefore, we concluded that the deficiencies, in the aggregate, represent material weaknesses in our internal control over financial reporting. Accordingly, we concluded that our internal controls over financial reporting and disclosure controls and procedures were not effective as of December 31, 2023. These material weaknesses resulted in an increase to the net loss for the three and six months ended June 30, 2024 by \$0 and \$0, respectively, and an increase to the net loss for the three and six months ended June 30, 2023 by \$0 and \$2,000,000, respectively.

Management's Plan to Remediate the Identified Material Weaknesses

The above-described material weaknesses have not been remediated as of the filing of this Annual Report on Form 10-Q. Since identifying the material weaknesses described above, management, with oversight from the Audit Committee, has already implemented and continues to implement enhanced policies and procedures intended to address both the identified material weaknesses and to enhance the Company's overall internal control over financial reporting and disclosure controls and procedures. As part of the remediation, we have also added an independent director to the Board who now serves as chairman of the audit committee. The former chair of the audit committee has become an executive director and has taken on the role of Chief Administrative Officer and is overseeing the internal audit function for the Company.

As we continue to evaluate and improve our internal control over financial reporting and disclosure controls and procedures, management may determine to take additional measures to improve controls and determine to modify the remediation plan described above. We are working to remediate the material weaknesses as efficiently and effectively as possible, but the material weaknesses cannot be considered fully remediated until the updated policies and training have been in place and operated for a sufficient period of time to enable management to conclude, through testing, that these controls are designed and operating effectively. Accordingly, management will continue to monitor and evaluate the effectiveness of our internal control over financial reporting in the activities affected by the material weaknesses described above.

Changes in Internal Control Over Financial Reporting

Other than the material weaknesses and remediation plan discussed above, 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.

On January 22, 2024, the Company initiated a lawsuit in Los Angeles County Superior Court 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 Wadhwa, and Jamie Nash, the spouse of Andrew Nash (collectively, the “**Defendants**”) seeking approximately \$16.5 million in compensatory damages and other relief, including the recovery of fees and costs associated with the legal proceedings. 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. The Company will continue to vigorously pursue its rights to reclaim the funds that it entrusted to El Capitan and will pursue recovery of its funds through all legally available means, including as appropriate, through cooperation with law enforcement.

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, 2023, 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, 2023.

Implications of being a smaller reporting company

Based on our public float, as of the last business day of our second fiscal quarter, we determined that we qualify as a smaller reporting company for the fiscal year ending December 31, 2024.

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”; 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 securities during the quarter covered by this report that have not previously been disclosed in a Current Report 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			Filed/Furnished Herewith
		Form	Exhibit	Filing Date	
10.1#	Agreement of Lease by and between Loop's Nursery & Greenhouses, Inc., a Florida corporation and Family Trust Created Under the Ruth F. Loop Revocable Trust Dated November 1, 1991, as Amended, a Florida revocable trust as Landlord and VidaCann, LLC, a Florida limited liability company as Tenant, concerning 4842 & 4844 Race Track Road, St. John's County, Florida 32259, dated August 25, 2023.				✓
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 within the Inline XBRL and contained in Exhibit 101)				✓

Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request. Certain confidential portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. Copies of the unredacted exhibit will be furnished to the SEC upon request

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: August 8, 2024

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

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

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

Certain identified information in this document has been excluded because it is both (i) not material and (ii) would likely cause competitive harm if publicly disclosed. [REDACTED] indicates where such information has been omitted.

AGREEMENT OF LEASE

by and between

LOOP'S NURSERY & GREENHOUSES, INC.,
a Florida corporation

and

**FAMILY TRUST CREATED UNDER THE RUTH F. LOOP REVOCABLE
TRUST DATED NOVEMBER 1, 1991, AS AMENDED,**
a Florida revocable trust

as LANDLORD

and

VIDACANN, LLC,
a Florida limited liability company,

as TENANT

concerning

4842 & 4844 Race Track Road,
St. John's County, Florida 32259

August 25, 2023

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”), made as of [August _____, 2023] (“Commencement Date”), between LOOP’S NURSERY & GREENHOUSES, INC., a Florida corporation (“Loop”), and FAMILY TRUST CREATED UNDER THE RUTH F. LOOP REVOCABLE TRUST DATED NOVEMBER 1, 1991, AS AMENDED, a Florida revocable trust (“Loop Trust”; and together with Loop, the “Landlord”), with an address of 4844 Race Track Road, St. John’s County, Florida 32259, and VIDACANN, LLC, a Florida limited liability company (“Tenant”), with its principal place of business located at 4675 W. Teco Avenue, Suite 250, Las Vegas, Nevada 89118.

Landlord and Tenant enter into this Lease as of the Commencement Date on the following terms, covenants, conditions, and provisions:

1. Demise of Premises; Definitions and Defined Terms.

Landlord hereby demises and lets to Tenant, and Tenant hereby takes and leases from Landlord, for the Term, the following described property (collectively, the “Premises”): (a) the land described in Exhibit “A” attached hereto, together with the Appurtenances, commonly known as 4842 & 4844 Race Track Road, St. John’s County, Florida 32259 (the “Land”); (b) all existing greenhouses existing on the Land (each a “Greenhouse” and collectively, the “Greenhouses”), and all structures and other improvements or betterments now or hereafter constructed on the Land (collectively with the Greenhouses, the “Improvements”); and (c) the Equipment, but excluding any of the Tenant’s Personal Property. Unless the context otherwise requires or as otherwise defined herein, capitalized terms used in this Agreement shall have the meanings set forth in Exhibit “B” hereto. The parties to this Lease are parties to that certain Commercial Lease Agreement dated effective as of January 1, 2020 (the “Prior Lease”). Effective as of the Commencement Date of this Lease, this Lease shall amend and restate and replace the Prior Lease in its entirety, and Tenant shall receive a refund under the Prior Lease for any amounts paid by Tenant under the Prior Lease with respect to the period from after the Commencement Date under this Lease. The Greenhouses are located on only a portion of the Land as shown on Exhibit “A” hereto, and the Land includes more real property than is needed for Tenant’s operations. Landlord shall have the right at any time by written notice to Tenant to modify the Land subject to this Lease to only include the portion of the Land including the Greenhouses and a reasonable surrounding area and to provide Tenant an access and utility easement thereto from Racetrack Road. Within fifteen (15) days after Tenant’s receipt of any such notice from Landlord, Tenant shall enter into an amendment to this Lease (and the memorandum described in Section 10(b) below) to so modify the Land subject to this Lease and to include such access and utility easement. For purposes of clarity, from and after the removal of any land from the definition of the Land under this Lease, the Premises under the Lease shall no longer include such land removed from the Land.

Notwithstanding anything in Section 12 or any other provision of this Lease to the contrary, (y) Tenant may not construct any additional Improvements on the Land in any portions of the Land outside of the current footprint of the Greenhouses without Landlord’s prior written consent, not to be unreasonably withheld, conditioned or delayed, and (z) Landlord may not construct upon, modify or use, or permit other Persons to construct upon, modify or use, any portions of the Land outside the current footprint of the Greenhouses in any manner that, in Tenant’s reasonable discretion, would: (i) jeopardize Tenant’s right to engage in the Permitted Use at the Premises, (ii) require modification or amendment to any licenses or permits obtained by Tenant with respect to the Permitted Use or the Premises, (iii) necessitate the application for, or receipt of, additional licenses, permits or other dispensation from applicable governmental authorities for Tenant to continue engaging in the Permitted Use at the Premises, (iv) adversely affect Tenant’s access to the Premises, (v) increase the Monetary Obligations of Tenant under this Lease, (vi) compromise the support, including sub-adjacent support, of the soils under, on or about the Premises, (vii) require any modification to the Improvements, (viii) cause Tenant to lose, on a temporary or permanent basis, the beneficial use of utilities serving, or Improvements located on, the Premises, (ix) subject the portion of the Land within the current footprint of the Greenhouses to any condominium declaration, tenants-in-common agreement, homeowners’ association, or other common ownership scheme, or (xi) violate the representations or warranties of Landlord under this Lease or otherwise serve as a basis for asserting a default of Landlord under this Lease. Notwithstanding the foregoing, if Landlord elects to modify the Land subject to this Lease Tenant acknowledges that the access road into the Premises may be a shared access road and subject to a commercially reasonable maintenance and cost sharing agreement including costs payable by the other users of such access road and Tenant.

2. Title and Condition.

(a) The Premises are demised and let subject to (i) the Permitted Encumbrances and (ii) all Legal Requirements.

(b) Tenant acknowledges that the Improvements are in satisfactory condition and state of repair at the inception of this Lease and Tenant accepts the Premises in its as-is condition.

(c) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, all assignable warranties, guaranties, indemnities and similar rights, if any (collectively, "*Warranties*") which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Premises or any Improvements or Equipment thereon, in each case, to the extent assignable and at no cost to Landlord. Such assignment shall remain in effect until the expiration or earlier termination of this Lease, whereupon such assignment shall cease and all of the Warranties shall automatically revert to Landlord. Without limitation of the automatic nature of such reversion, in confirmation of such reversion, Tenant shall execute and deliver promptly any certificate or other document reasonably required by Landlord. Landlord shall also retain the right to enforce any Warranties upon the occurrence of an Event of Default. Tenant shall enforce the Warranties in accordance with their respective terms.

(d) Landlord hereby represents and warrants to Tenant that, to Landlord's actual knowledge as of the Commencement Date:

(i) There is no contract to which Landlord is a party or, to Landlord's knowledge, which is binding on Landlord which is in conflict with this Lease;

(ii) There is no action or proceeding pending or, to Landlord's knowledge, threatened against Landlord or relating to the Premises, which challenges or impairs Landlord's ability to execute or perform its obligations under this Lease;

(iii) Landlord has not received any outstanding unresolved written notice from any governmental authority or agency having jurisdiction over the Premises;

(iv) Landlord has not received any written notice from any governmental authority or agency of any Environmental Violation with respect to the Premises which has not been cured;

(v) To Landlord's actual knowledge, the Improvements and Equipment are in good working order and condition;

(vi) To Landlord's actual knowledge, no Person has any right, title or interest in or to the Premises or any portion which is superior to Landlord's right, title or interest therein, except as otherwise set forth in the Permitted Encumbrances; and

(vii) Landlord has no actual knowledge of any contemplated or pending condemnation or similar proceeding affecting the Premises.

3. Use of Premises & Quiet Enjoyment.

(a) Tenant may occupy and use the Premises solely for the Permitted Uses and for no other purpose without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Landlord acknowledges and agrees that, as between Landlord and Tenant, the Permitted Uses shall not be deemed objectionable or offensive.

(b) Subject to the provisions hereof, so long as no Event of Default has occurred and is continuing, Tenant shall quietly hold, occupy and enjoy the Premises throughout the Term, without interruption or

interference by or through Landlord, provided that Landlord or Landlord Parties may enter upon and examine any of the Premises at such reasonable times as Landlord may select upon no less than two (2) business days' advance notice written notice to Tenant (or in the event of an emergency, upon such advance notice, if any, as is reasonably possible under the circumstances) for the purpose of: (i) inspecting the Premises, (ii) verifying compliance or non-compliance by Tenant with its obligations hereunder and the existence or non-existence of an Event of Default, (iii) making any repairs and taking such other action with respect to the Premises as is permitted by any provision hereof, (iv) showing the Premises to prospective Lenders and purchasers and (v) during the last ten (10) months of the Term, showing the Premises to prospective tenants. Landlord acknowledges that its access to the Premises (or cultivated portions thereof) may be subject to other limitations or restrictions under applicable Legal Requirements and, if applicable, Landlord shall cause its access to comply with such Legal Requirements. In connection with any such access, Tenant may provide a qualified, licensed representative to accompany Landlord and/or its representatives during such access.

4. Term.

(a) Subject to the provisions hereof, Tenant shall have and hold the Premises for an initial term ("*Initial Term*"; and together with any Renewal Term, the "*Term*") commencing on the Commencement Date and ending at 11:59 p.m. eastern time on December 31, 2029 (as the same may be extended pursuant to the provisions of Section 4(b) hereof, the "*Expiration Date*").

(b) Provided that if, on or prior to the applicable Renewal Date (as defined below) this Lease shall not have been terminated pursuant to any provision hereof, then on the Expiration Date of the Initial Term and on the fifth (5th) anniversary of the Expiration Date of the Initial Term only (the Expiration Date of the Initial Term and such 5th anniversary date being referred to herein as a "*Renewal Date*"), the Term shall be deemed to have been automatically extended for an additional period of five (5) years (each such extension, a "*Renewal Term*"), unless Tenant shall notify Landlord in writing in recordable form at least one (1) year prior to the applicable Renewal Date, that Tenant is terminating this Lease as of the next Renewal Date. Any such extension of the Term shall be subject to all of the provisions of this Lease, as the same may be amended, supplemented or modified (except that Tenant shall not have the right to any additional Renewal Terms).

(c) If Tenant elects not to extend or further extend the Term, or if an Event of Default occurs, then Landlord shall have the right during the remainder of the Term then in effect and, in any event, Landlord shall have the right during the final Lease Year of the Term, to (i) advertise the availability of the Premises for sale or reletting and to erect upon the Premises signs indicating such availability and (ii) show the Premises to prospective purchasers or tenants or their agents at such reasonable times as Landlord may select and, in all cases, subject to compliance with all Legal Requirements.

5. Basic Rent.

(a) Tenant shall pay to Landlord, as annual rent for the Premises during the Term, the following amounts ("*Basic Rent*"):

[REDACTED]

(b) All Basic Rent shall be payable monthly in advance, commencing on the Commencement Date, and thereafter on or before the first (1st) day of each calendar month thereafter during the Term.

(c) All payments of Basic Rent shall be made via wire or ACH transfer pursuant to instructions delivered to Tenant from time to time as Landlord may direct by fifteen (15) days' prior written notice to Tenant. Notwithstanding the foregoing, if any date for the payment of Basic Rent falls on a Saturday, Sunday or an observed federal or State holiday, then the date for payment of such Basic Rent shall be deemed to be the next occurring business day.

6. Additional Rent.

(a) Tenant shall pay and discharge, as additional rent (collectively, "*Additional Rent*"):

(i) except as otherwise specifically provided herein, all costs and expenses of Tenant and Landlord (and any Indemnitee) which are incurred in connection or associated with (A) the ownership, use, non-use, occupancy, monitoring, possession, operation, condition, design, construction, maintenance, alteration, repair or restoration of the Premises, (B) the performance of any of Tenant's obligations under this Lease and (C) any other items specifically required to be paid by Tenant under this Lease (provided that the foregoing is not intended to permit Landlord to incur any cost or expenses without first giving Tenant the opportunity, including any applicable notice and cure period, to pay or incur such expenses or perform any Tenant obligation under this Lease in accordance with its terms).

(ii) after the date all or any portion of any installment of Basic Rent is due and not paid, an amount (the "*Late Charge*") equal to five percent (5%) of the amount of such unpaid installment or portion thereof to reimburse Landlord for its cost and inconvenience incurred as a result of Tenant's delinquency; provided, however, that with respect to the first two (2) late payments of all or any portion of any installment of Basic Rent in any Lease Year, the Late Charge shall not be due and payable unless the Basic Rent has not been paid within five (5) business days following the due date thereof. Tenant acknowledges that the damages to and costs incurred by Landlord resulting from Tenant's late payment of Basic Rent would be difficult, if not impossible, to ascertain with any accuracy, and that the five percent (5%) charge represents Landlord and Tenant's efforts to approximate such potential damages and costs and is not a penalty;

(iii) interest at the rate (the "*Default Rate*") of two percent (2%) over the Prime Rate per annum on the following sums until paid in full: (A) all overdue installments of Basic Rent from the respective due dates thereof, provided, however, that with respect to the first two (2) late payments of all or any portion of any installment of Basic Rent in any Lease Year, the interest charge shall not be due and payable unless the Basic Rent has not been paid within five (5) business days following the due date thereof; (B) all overdue amounts of Additional Rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord; and (C) all other overdue amounts of Additional Rent, from the date when any such amount becomes overdue; provided, however, that with respect to the first two (2) late payments of all or any portion of any installment of Additional Rent in any Lease Year, the interest charge shall not be due and payable unless the Additional Rent has not been paid within five (5) business days following the due date thereof; and

(b) Tenant shall pay and discharge (i) any Additional Rent referred to in Section 6(a)(i) when the same shall become due, provided that amounts which are billed to Landlord or any third party, but not to Tenant, shall be paid within five (5) days after Landlord's written demand for payment thereof, and (ii) any other Additional Rent, within five (5) days after Landlord's demand for payment thereof.

(c) In no event shall amounts payable under Sections 6(a)(ii) and (iii) exceed the maximum amount permitted by applicable Law.

(d) Landlord and Tenant hereby agree that the costs and expenses described in Exhibit "C" attached hereto shall not constitute, and shall be excluded from, Additional Rent.

7. **Net Lease.** This is a net lease and all Monetary Obligations shall be paid without notice or demand and without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense, except as otherwise expressly provided in this Lease (collectively, a "*Set-Off*").

8. Payment of Impositions. Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes (including, without limitations, real and personal property, sales, use, gross receipts, rent and occupancy taxes; and including excise, or similar tax imposed on the revenue or income of Landlord, but only to the extent applicable to the Rent under this Lease), all charges for any easement or agreement maintained for the benefit of any of the Premises, all assessments and levies, all permit, inspection and license fees, all rents and charges for water, sewer, utility, communication and other services relating to any of the Premises, all ground rents and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (a) Tenant or Landlord, (b) Tenant's leasehold interest in the Premises, (c) any of the Premises, or (d) the Rent (collectively, the "Impositions"); provided that, nothing herein shall obligate Tenant to pay (i) income, excess profits or other taxes of Landlord (or Lender) which are determined on the basis of Landlord's (or Lender's) net income or net worth (unless and to the extent such taxes are in lieu of or a substitute for any of the foregoing taxes, assessments or other charges upon or with respect to the Premises which, if it were in effect, would be payable by Tenant under the provisions hereof, or by the terms of such tax, assessment or other charge are expressly provided to be paid for by a lessee), (ii) any estate, inheritance, succession, gift or similar tax imposed on Landlord or (iii) any capital gains tax imposed on Landlord in connection with the sale of the Premises to any Person. Tenant shall pay, together with scheduled installments of Basic Rent, the amount of the gross receipts or rent tax, if any, payable with respect to the amount of such installment of Basic Rent. If any Imposition may be paid in installments without interest or penalty, Tenant shall have the option to pay such Imposition in installments; provided that, in such event, Tenant shall be liable only for those installments which accrue or become due and payable during the Term. Tenant shall be responsible to obtain all bills for the payment of Impositions and shall prepare and file all tax reports required by governmental authorities which relate to the Impositions, except to the extent Landlord is required to prepare and file same. Tenant shall deliver to Landlord (x) copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority within five (5) days after Tenant's receipt thereof, (y) receipts for payment of all taxes required to be paid by Tenant hereunder at least five (5) days after the due date thereof and (z) receipts for payment of all other Impositions within five (5) days after Landlord's request therefor; provided, that such notice shall not be deemed to require Tenant to pay any Impositions prior to the date due and payable. If Tenant fails to timely pay the full amount of any Impositions in accordance with this Lease, Landlord may elect to pay any or all of such Impositions and Tenant shall reimburse Landlord for the amounts paid by Landlord, plus interest and any applicable late fees, within seven (7) days after Landlord's request therefor, which costs shall be payable as Additional Rent. Tenant shall have the right, subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, at Tenant's own cost and expense, and subject to the terms and conditions of Section 13, to contest in good faith and by appropriate proceedings, any Impositions.

9. Compliance.

(a) Tenant shall, at its expense, comply with and conform to, and cause the Premises and any other Person occupying any part of the Premises, to comply with and conform to, all Insurance Requirements and Legal Requirements (including all applicable Environmental Laws); provided, however, Landlord acknowledges that Tenant may not be in compliance with the federal Controlled Substances Act of 1970 (the "CSA") or any other federal Law (provided same is limited to addressing the legality of the possession, use, cultivation, handling or distribution of controlled substances) by engaging in the Permitted Uses at the Premises and such CSA non-compliance shall not, by itself, constitute an Event of Default hereunder (but such acknowledgement shall not obviate or in any way alter or diminish Tenant's other obligations or indemnities under this Lease). Tenant shall not at any time cause, or permit Tenant Parties to cause, any Environmental Violation. Tenant, at its sole cost and expense, shall remediate in a manner required by Legal Requirements any Environmental Violation or release of Hazardous Substances at the Premises by Tenant or Tenant Parties. Tenant shall indemnify, defend, and hold harmless Landlord from and against (a) any loss, cost, expense, claim, or liability arising out of any investigation, monitoring, clean-up, containment, removal, storage, or restoration work required by Legal Requirements (herein referred to as "Remedial Work"), or incurred by Landlord arising from or connected to the actions or inactions of Tenant or Tenant Parties, and (b) any claims of third parties for loss, injury, expense, or damage arising out of an Environmental Violation or the presence, release, or discharge of any Hazardous Substances on, under, in, above, to, or from the Premises, arising from or connected to the actions or inactions of Tenant or Tenant Parties. In the event any Remedial Work is required under any Legal Requirements, Tenant shall promptly perform or cause to be

performed such Remedial Work in compliance with such Legal Requirements. In the event Tenant shall fail to commence the Remedial Work in a timely fashion, or shall fail to prosecute diligently the Remedial Work to completion, such failure shall constitute an Event of Default (after notice and cure as provided in Section 18(a)(ii)) on the part of Tenant under this Lease, and Landlord, in addition to any other rights or remedies afforded it hereunder, may, but shall not be obligated to, cause the Remedial Work to be performed, and Tenant shall promptly reimburse Landlord for Landlord's documented, out-of-pocket cost and expense thereof not more than thirty (30) days after Landlord's written demand therefor.

(b) Tenant, at its sole cost and expense, will at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in any Easement Agreement on the part of Landlord to be kept and performed thereunder. Tenant will not alter, modify, amend or terminate any Easement Agreement, give any consent or approval thereunder, or enter into any new Easement Agreement without, in each case, the prior written consent of Landlord, such consent not to be unreasonably withheld, delayed or conditioned. Landlord will not voluntarily alter, modify, amend or terminate any Easement Agreement, give any consent or approval thereunder, or enter into any new Easement Agreement without, in each case, the prior written consent of Tenant, such consent not to be unreasonably withheld, delayed or conditioned.

(c) Upon no less than two (2) business days' advance notice written from Landlord (and subject to applicable Legal Requirements and the terms set forth in the last two sentences of Section 3(b)), Tenant shall permit such persons as Landlord may designate ("*Site Reviewers*") to visit the Premises during normal business hours and in a manner which does not unreasonably interfere with Tenant's operations and perform and to conduct environmental site investigations and assessments ("*Site Assessments*") on the Premises in any of the following circumstances: (i) in connection with any sale, financing or refinancing of the Premises by Landlord, (ii) within the twelve (12) month period prior to the expiration of the Term; (iii) if required by Lender or the terms of any credit facility or Mortgage to which Landlord is bound, (iv) if an Event of Default exists or if Landlord has a reasonable basis to believe that an Event of Default exists or an event, with the passage of time would constitute an Event of Default exists; or (v) at any other time that, in the opinion of Landlord or Lender, a reasonable basis exists to believe that an Environmental Violation or any condition that could reasonably be expected to result in any Environmental Violation exists. Such Site Assessments may include both above and below the ground testing for Environmental Violations and such other tests as may be necessary, in the opinion of the Site Reviewers, to conduct the Site Assessments. Tenant shall supply to the Site Reviewers such historical and operational information regarding the Premises as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and shall make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. The cost of performing and reporting Site Assessments shall be paid by Tenant under clauses (iv) and (v) if an Environmental Violation is actually found to exist, and Landlord shall be responsible for the cost of performing and reporting Site Assessments conducted for all other reasons. Tenant shall have the right to require a representative of Tenant accompany any Landlord representative or designee during the course of any access permitted hereunder or elsewhere in this Lease; provided that, Tenant shall make such representative readily available so long as at least two (2) business days' advance notice is provided to Tenant (it being agreed that confirmed email shall be sufficient for purposes hereof).

(d) Tenant shall notify Landlord immediately after becoming aware of any Environmental Violation (or alleged Environmental Violation), or any noncompliance or alleged non-compliance with any of the covenants contained in this Section 9, including without limitation the CSA or any State licensing requirements or Laws affecting the legal operation of the Permitted Uses at or from the Premises, and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance.

10. Liens & Recording.

(a) Tenant shall not, directly or indirectly, create or permit to be created or to remain and shall promptly discharge or remove any lien, levy or encumbrance on any of the Premises or on any Rent or any other sums payable by Tenant under this Lease, other than any Mortgage or Assignment, the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of

Landlord or any Landlord Party. Tenant's failure to observe the covenant contained in the immediately preceding sentence shall be subject to notice and cure under Section 18(a)(ii).

(b) Landlord and Tenant shall each execute and deliver, and Tenant shall record, file or register (collectively, "record"), all such instruments as may be required or permitted by any present or future Law in order to evidence the respective interests of Landlord and Tenant in the Premises, and shall cause a memorandum of this Lease reasonably approved by Landlord (or, if such a memorandum cannot be recorded, this Lease), and any supplement hereto or thereto, to be recorded in such manner and in such places as may be required or permitted by any present or future Law in order to protect the validity and priority of this Lease and Tenant's right of first refusal under Section 30. Such memorandum shall include a disclosure of the provisions of Section 29(e) below for purposes of Florida Statute Section 713.10.

11. Maintenance & Repair.

(a) Tenant shall, at its expense, at all times maintain the Premises, in good working order and condition and in accordance with the practices generally observed by Tenant (or its Affiliates) with respect to other similarly utilized real properties owned, leased or operated by it, and, in the case of the Equipment, in as good mechanical condition as it was on the date of its installation, ordinary wear and tear, and any casualty or condemnation as to which Tenant has no obligation hereunder to repair or restore, excepted. Tenant shall promptly make all Alterations of every kind and nature, whether foreseen or unforeseen, which may be required to comply with the foregoing requirements of this Section 11(a) and applicable Legal Requirements. Any Alteration made by Tenant pursuant to this Section 11 shall be made in conformity with the provisions of Section 12. For the avoidance of doubt, routine repair, care and maintenance of the Greenhouses, Tenant's Personal Property and/or the Greenhouse Systems shall not constitute an Alteration under Section 12.

(b) If any Improvement, now or hereafter constructed, shall (i) encroach upon any setback or any property, street or right-of-way adjoining the Premises, (ii) violate the provisions of any restrictive covenant or Permitted Encumbrance affecting the Premises, (iii) hinder or obstruct any easement or right-of-way to which any of the Premises is subject or (iv) impair the rights of others in, to or under any of the foregoing (any one of the matters described in clauses (i)-(iv), a "Violation"), Tenant shall, promptly after receiving notice or otherwise acquiring knowledge thereof, either (A) obtain from all necessary parties waivers or settlements of all claims, liabilities and damages resulting from each such Violation, whether the same shall affect Landlord, Tenant or both, or (B) take such action as shall be necessary to remove and/or to end any such Violation, including, if necessary, making Alterations, all at Tenant's sole cost and expense.

12. Alterations & Improvements.

(a) Tenant shall have the right, without having obtained the prior written consent of Landlord and provided that no Event of Default then exists, (i) to make Alterations or a series of related Alterations that, as to any such Alterations or series of related Alterations (within any twelve (12) month period), do not cost in excess of the Threshold Amount and (ii) to install Equipment in the Improvements that, as to such Equipment (installed within any twelve (12) month period), do not cost in excess of the Threshold Amount, so long as at the time of construction or installation of any such Equipment or Alterations no Event of Default exists, the value and utility of the Premises is not materially diminished thereby. If the cost of any Alterations, or series of related Alterations, is in excess of the Threshold Amount, then the prior written approval of Landlord shall be required, such approval not to be unreasonably withheld, delayed or conditioned. Landlord shall have the right to require Tenant to remove (i) any Forced Removal Items, (ii) any Alterations installed in violation of the terms of this Lease or any applicable Legal Requirements, (iii) any Alterations as to which Tenant agreed in writing to remove at the expiration or earlier termination of the Term (provided that Landlord may require removal of any Alterations or Equipment at the expiration or earlier termination of the Term as a condition of Landlord's approval thereof), and (iv) any Alteration which Landlord has not approved in writing. If a response from Landlord is not received by Tenant within twenty (20) days after the date of Tenant's notice requesting approval of any Alteration, then Tenant may send an additional notice to Landlord stating in bold, capital letters "**LANDLORD'S FAILURE TO APPROVE SHALL BE DEEMED APPROVAL**" (the "*Second Approval Notice*"). If Landlord fails to respond within ten (10) days after

Landlord's receipt of the Second Approval Notice, then such proposed Alteration shall be deemed approved (provided that such proposed Alteration is in compliance with the other terms of this Lease and all applicable Legal Requirements).

(b) If Tenant makes any Alterations pursuant to this Section 12 or as required by Sections 11 or 16 (such Alterations and actions being hereinafter collectively referred to as "*Work*") whether or not Landlord's consent is required, then the Premises shall not have its usefulness impaired in any material respect, (i) all such Work shall be performed by Tenant in a good and workmanlike manner, (ii) all such Work shall be expeditiously completed in compliance with all Legal Requirements, (iii) all such Work shall comply with the Insurance Requirements, (iv) if any such Work involves the replacement of Equipment or parts thereto, all replacement Equipment or parts shall have a value and useful life at least equal to the value and useful life of the Equipment being replaced immediately prior to the occurrence of the event which required its replacement (assuming such replaced Equipment was then in the condition required by this Lease), (v) Tenant shall promptly discharge or remove all liens filed against any of the Premises arising out of such Work, (vi) Tenant shall procure and pay for all permits and licenses required in connection with any such Work, (vii) all such Work shall be the property of Tenant until the Expiration Date and at which time Tenant shall execute and deliver to Landlord any document reasonably requested by Landlord evidencing the assignment to Landlord of all estate, right, title and interest (other than the leasehold estate created hereby) of Tenant or any other Person thereto or therein, and (viii) Tenant shall comply, to the extent requested by Landlord or required by this Lease, with the provisions of Section 12(a), whether or not such Work involves restoration of the Premises.

13. Permitted Contests. Subject to the terms of this Lease, Tenant may reasonably dispute or contest (a) any Imposition, (b) any Legal Requirement, (c) any lien referred to in Sections 10 or 12, or (d) any encroachment, violation, hindrance, obstruction or impairment referred to in Section 12(b) (the "*Permitted Contests*"), at no cost to Landlord, so long as at the time of such contest no Event of Default exists and so long as Tenant shall reasonably contest, in good faith and through appropriate proceedings, the existence, amount or validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefor by appropriate proceedings, provided that during the pendency of all Permitted Contests, Tenant shall comply with the requirements of the Imposition, Legal Requirement, lien, or encroachment, violation, hindrance, obstruction or impairment so contested. Notwithstanding anything to the contrary contained in this Lease, Tenant may not take any actions that could reasonably be expected to result in (i) the sale, forfeiture, lien, or loss of any of the Premises or any Rent, (ii) damages, claims, costs, or liability incurred by Landlord, (iii) any interference with the use or occupancy of any of the Premises, (iv) any interference with the payment of any Rent, (v) the cancellation or increase in the rate of any insurance policy or a statement by the carrier that coverage will be denied, or (vi) [intentionally omitted]. Tenant shall provide Landlord a bond or other security which is satisfactory, in Landlord's reasonable judgment, to assure that any violation in connection with the Permitted Contests is corrected, including all costs, interest and penalties that may be incurred or become due in connection therewith. While any proceedings which comply with the requirements of this Section 13 are pending and any required bond or other security is held by Landlord, Landlord shall not have the right to correct any violation thereby being contested unless Landlord is required by Law to correct such violation and Tenant's contest does not prevent or stay such requirement as to Landlord or in the event of emergency. Each such contest shall be promptly and diligently prosecuted by Tenant to a final conclusion, except that Tenant, so long as the conditions of this Section 13 are at all times complied with, has the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay any and all losses, judgments, decrees, attorneys' fees, and costs in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest and costs thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. No such contest shall subject Landlord to the risk of any civil or criminal liability.

14. Indemnification.

(a) Tenant shall pay, protect, indemnify, defend, save and hold harmless Landlord, Lender, Landlord's Affiliates, and all other Persons described in Section 23 (each an "*Indemnitee*") from and against any and all liabilities, losses, damages (including punitive and consequential damages), penalties, costs, causes of action,

suits, claims, demands or judgments of any nature whatsoever, howsoever caused, without regard to the form of action and whether based on strict liability, negligence or any other theory of recovery at law or in equity (each, a “*Claim*”) arising from (i) any bodily injury, property damage, or casualty in any manner arising from or relating to the Premises, including, but not limited to, the Land, the Greenhouses, the Improvements, and the Equipment (including, but not limited to, the Greenhouse Systems), whether or not any Indemnitee has or should have knowledge or notice of any defect, condition, event, accident, or occurrence causing or contributing to said bodily injury, property damage, or casualty, (ii) any negligent, and/or willful misconduct of Tenant or Tenant Parties, (iii) any failure of the representations and warranties of Tenant under this Lease, (iv) the creation or existence of any Environmental Violation or Hazardous Substance first occurring (or first released) in, at, on or under the Premises, which are introduced by Tenant or Tenant Parties, (v) any negligent or intentional violation by any or all of Tenant or Tenant Parties of any applicable Law or Legal Requirements, and (vi) any Event of Default under this Lease. TENANT SHALL NOT INDEMNIFY, DEFEND OR SAVE ANY INDEMNITEE HARMLESS FROM, and Landlord and any Indemnitee shall not seek any recompense or remedy in law or equity against Tenant for, any loss or damage, costs, attorneys’ fee or expenses, or lack, failure or loss of title to the Premises or any defect in or lien or encumbrance on the title to the Premises caused solely by (A) enforcement actions taken pursuant to the CSA or any federal or state corollary, including any civil or criminal penalties, fines or the possibility of imprisonment because of the Permitted Use or the transactions contemplated in this Lease, or (B) loss of business opportunity or interference with prospective or existing business relationships due to Tenant’s Permitted Use; (C) any violation or enforcement, heretofore or hereafter, of any federal or state civil, criminal, or forfeiture Laws, and/or any federal or state licensing, permitting, authorization, or regulation, whenever existing as may be amended from time to time, relating to cannabis (marijuana), hemp, drugs, and/or controlled substances, including but not limited to the CSA, (D) any failure to comply with the guidelines and/or restrictions set forth in the Agriculture Improvement Act, as the same has existed heretofore or shall exist hereafter, including, without limitation, the version of the Act passed in 2018, otherwise known as the “Farm Bill”, as the same may as may be amended from time to time, and (E) any matter pursuant to which Landlord indemnifies Tenant under this Lease. In case any action or proceeding is brought against Landlord by reasons of any of the matters set forth in this [Section 14\(a\)](#), Tenant shall, upon notice from Landlord, resist and defend such action or proceeding by counsel reasonably satisfactory to Landlord.

(b) Landlord hereby indemnifies, defends, and holds Tenant and Tenant Parties harmless from and against any and all Claims actually suffered or incurred by Tenant or Tenant Parties to the extent caused by (i) any grossly negligent or willful misconduct of Landlord or Landlord Parties, including, without limitation, any accident, injury or damage whatsoever occurring in, at or upon the Premises and caused by any grossly negligent or willful misconduct by any or all of Landlord or Landlord Parties, (ii) any failure of the representations and warranties of Landlord under this Lease, (iii) the creation or existence of any Environmental Violation or Hazardous Substance first occurring (or first released) in, at, on or under the Premises prior to the date of this Lease and which Tenant can demonstrate was caused by Landlord, (iv) the creation or existence of any Environmental Violation or Hazardous Substance first occurring (or first released), in, at, on or under the Premises after the date of this Lease, if and to the extent brought to the Premises or caused by Landlord or Landlord Parties, and (v) any grossly negligent or intentional violation by any or all of Landlord or Landlord Parties of any applicable Law or Legal Requirements. In case any action or proceeding is brought against Tenant by reasons of any of the matters set forth in this [Section 15\(b\)](#), Landlord shall, upon notice from Tenant, resist and defend such action or proceeding by counsel reasonably satisfactory to Tenant.

(c) In the event of a Claim to which the indemnification obligations set forth in this [Section 15](#) apply, (i) the indemnified party may, but is not obligated to, retain their own counsel and defend such action and (ii) the indemnified party, shall notify the indemnifying party to resist or defend such action or proceeding by retaining counsel reasonably satisfactory to the indemnified party, and the indemnified party will reasonably cooperate and assist in the defense of such action or proceeding (at no cost to the indemnified party) if reasonably requested by the indemnifying party.

(d) The CSA specifically prohibits knowingly opening, leasing, renting, using, or maintaining any place to permanently or temporarily manufacture, distribute, or use any controlled substance. It is certain that Tenant’s activities on the Premises will involve a Schedule I controlled substance as defined in the CSA in at least one of the manners proscribed. Accordingly, Landlord faces additional risks in leasing the Premises to Tenant

including, but not limited to: (i) Landlord could lose the Premises and the Rent paid by Tenant because of forfeiture if the federal government prosecutes Landlord; (ii) Landlord could lose its property insurance coverage; (iii) Landlord could be in default under its Loan; (iv) Landlord could violate private land use covenants, conditions, or restrictions; (v) Landlord could have difficulty selling the Premises while occupied by Tenant; (vi) Landlord could have difficulty refinancing the Premises while occupied by Tenant; (vii) Landlord could have difficulty enforcing this Lease against Tenant; (viii) Landlord could have difficulty maintaining its banking and financial services; (ix) Landlord could be criminally prosecuted; and (x) Landlord could face other potential liabilities and adverse consequences arising from the end-of-line processing, storage, sale, transport, and disposal of marijuana and marijuana-related products on the Premises. Notwithstanding Landlord's understanding of the additional risks that necessarily arise by leasing the Premises to Tenant, Landlord desires to enter into the Lease.

(e) The obligations of Landlord and Tenant under this Section 14 and Section 9(a) above shall survive any termination, expiration or rejection in bankruptcy of this Lease. Except as specifically set forth in any indemnity obligation, or as a result of a holdover or Environmental Violation or release of Hazardous Substances by Tenant, in no event shall either party hereto be liable hereunder or under any other provision of this Lease for indirect, consequential or punitive damages.

15. Insurance.

(a) Tenant agrees to maintain throughout the Term and hereby certifies that, as of the Commencement Date, it has obtained all insurance (in type and amount) required by applicable Law or Legal Requirements. If, during the Term, the applicable Law or Legal Requirements change(s), and additional or different insurance (in type or amount) becomes required, or if Landlord reasonably requires additional insurance, Tenant agrees to comply with any such new Law or Legal Requirements and to obtain within twenty (20) days of the effective date of any new Law or Legal Requirements or notice from Landlord of such additional insurance the additional or different insurance required and to thereafter maintain that insurance throughout the remainder of the Term. In the event of a change in the applicable Law or Legal Requirements, Tenant shall immediately notify Landlord of any such change and of any need for any additional or different insurance and shall promptly deliver to Landlord proof (in the form of a certificate of insurance or otherwise) that it has obtained such additional or different insurance and satisfied the new Law or Legal Requirements.

(b) In no event shall Tenant obtain or maintain less insurance (in type or amount) than is required by applicable Law or Legal Requirements. Tenant understands and agrees that applicable Law and Legal Requirements only set forth the minimum (in type and amount) of insurance that the Tenant must obtain and maintain. To the extent that the Insurance Requirements set forth in Section 15(c) exceed any Legal Requirements, Tenant must satisfy in full the Insurance Requirements set forth in Section 15(c).

(c) Prior to the (i) Commencement Date; (ii) Tenant's commencement of Work at the Premises or any part thereof; or (iii) Tenant's occupancy of the Premises or any part thereof, whichever first occurs, Tenant shall obtain and pay all applicable premiums for the following insurance relative to its use and occupancy of the Premises or any part thereof:

(i) Property Insurance, including a "Special Causes of Loss" form, covering all risk of physical loss or damage to the Premises (including, but not limited to, the Greenhouse Systems), as well any and all other of Tenant's and Landlord's property kept, stored, maintained, located, present, or used at the Premises or any part thereof (exclusive of any cannabis crops growing at the Premises), including coverage for the perils of hail and windstorm, in amounts no less than the actual replacement cost of the Premises, as well any and all other property kept, stored, maintained, located, present, or used at the Premises or any part thereof (exclusive of any cannabis crops growing at the Premises). All policies contemplated by this clause shall be written on a replacement-cost basis, shall provide "Law and Ordinance" coverage (at full replacement cost for coverage for loss to the undamaged portion of the Greenhouse, and otherwise with a limit of \$[REDACTED]), and shall include "Replacement Cost" and "Agreed Amount" (or comparable) provisions or endorsements. Such policies shall contain deductibles not more than \$[REDACTED] per occurrence or per claim (except with respect to hail and windstorm perils, which shall

be permitted deductibles up to, but not to exceed, five percent (5%) of the values exposed to loss, on a per-occurrence or per-claim basis).

(ii) Commercial General Liability Insurance and Product Liability Insurance, covering claims for personal injury, bodily injury (including, but not limited to death) and property damage occurring on, or arising out of the occupancy or use of the Premises or any part thereof, or arising out of any products grown, manufactured, produced, distributed, or sold at or from the Premises or any part thereof, each in an amount not less than \$[REDACTED] per claim or per occurrence and each in an amount not less than \$[REDACTED] in an annual aggregate, with no self-insured retention and a deductible not to exceed \$[REDACTED] on a per-occurrence or per-claim basis.

(iii) Workers' Compensation Insurance in the amount required by applicable Law covering all persons employed by Tenant in connection with any work done on or about the Premises or any part thereof; or, in lieu of such Workers' Compensation Insurance, a program of self-insurance complying with all rules, regulations and requirements of the relevant State.

(iv) To the extent available on commercially reasonable terms, Business Automobile Liability Insurance (to the extent Tenant owns, leases, or uses automobiles in connection with its operation at the Premises or any portion thereof) and Non-Owned and Hired Automobile Liability Insurance, each covering claims for bodily injury (including, but not limited to death) and property damage occurring on, or arising out of the occupancy or use of the Premises or any part thereof, or arising out of any products grown, manufactured, produced, distributed, or sold at or from the Premises or any part thereof, each in an amount not less than \$[REDACTED] per claim or per occurrence and each in an amount not less than \$[REDACTED] in an annual aggregate, with no self-insured retention and a deductible not to exceed \$[REDACTED] on a per-occurrence or per-claim basis.

(d) The insurance required by Section 15(c) shall be written by a company (or companies) having a Best's rating of B+ or above (and, if the company is rated by such rating agency, a claims paying ability rating of B+ or better by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. or equivalent rating agency reasonably approved by Landlord) and are authorized to write insurance policies by a State Insurance Department (or its equivalent). The insurance required by Section 15(c) shall be maintained for the duration of the Term, shall be available exclusively to satisfy those obligations herein, and shall not be reduced by any payments of other amounts unrelated to the Premises. If such insurance or any limits or part thereof shall expire, become exhausted or substantially impaired, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become reasonably unsatisfactory to Landlord, Tenant shall immediately obtain and maintain for the duration of the Term new or additional insurance that satisfies all Insurance Requirements or is otherwise satisfactory to Landlord in its sole discretion. The insurance policies required by Section 15(c)(i) shall name Landlord as owner of the Premises and Lender, if then applicable, as loss payee. Additionally, Tenant shall ensure that Landlord (and, if required by Lender, Lender) is named as an additional insured(s) on Tenant's primary, umbrella, and excess Commercial General Liability Insurance.

(e) Each insurance policy required by Section 15(c) shall, except if prohibited by Law, provide such endorsements as reasonably requested by Landlord or Lender, including a manuscript endorsement providing that each such policy may not be cancelled, substantially modified or allowed to lapse on any renewal date except after at least thirty (30) days' prior written notice to Tenant, Landlord and Lender, or, with respect to cancellation for non-payment of premiums, at least ten (10) days' prior written notice to Tenant, Landlord and Lender, to the extent such endorsements are commercially available at reasonable rates.

(f) Prior to the Commencement Date and thereafter upon request from Landlord from time to time, Tenant shall promptly deliver to Landlord proof (in the form of a certificate of insurance or otherwise) that it has obtained each of the insurance policies required in Section 15(c). Tenant shall, upon Landlord's reasonable request, promptly deliver or otherwise make available to Landlord copies of all insurance policies required by Section 15(c).

(g) Tenant shall renew or replace each insurance policy required by Section 15(c) and deliver to Landlord evidence of (i) the renewal or replacement of each such policy (in the form of a certificate of insurance or otherwise) and (ii) payment of the applicable premium for the renewal or replacement policy at least ten (10) days prior to the expiration date of any existing insurance policy. Tenant shall, upon Landlord's reasonable request, promptly deliver or otherwise make available to Landlord a copy of each such renewal or replacement policy.

(h) Notwithstanding anything herein to the contrary, any liability insurance which Tenant is required to obtain pursuant to Section 156(c) may be carried under a "blanket" policy or policies covering other properties owned or leased by Tenant or under an "umbrella" policy or policies covering other liabilities of Tenant, as applicable; provided that, such blanket or umbrella policy or policies otherwise comply with the provisions of this Section 16 (including, but not limited to, any additional insured or loss payee requirements herein). If Tenant seeks to satisfy any or all of its Insurance Requirements under such blanket or umbrella policy or policies then Tenant shall notify Landlord of such insurance, promptly deliver to Landlord a copy of each such blanket or umbrella policy for Landlord's review, and shall request and obtain Landlord's written consent to satisfy any or all of its Insurance Requirements under such blanket or umbrella policy or policies (with such consent to be granted or withheld by Landlord at its sole and absolute discretion). Upon delivery of Landlord's written consent thereto, Tenant shall promptly deliver to Landlord evidence of each such policy (in the form of a certificate of insurance or otherwise), and, upon Landlord's reasonable request, promptly deliver or otherwise make available to Landlord a copy of each such blanket or umbrella insurance policy.

(i) No insurance policy contemplated by this Section 15 shall contain, as a condition to its effectiveness or as a condition to obtaining the benefits thereunder, any provision requiring that Landlord make any payments of insurance premiums thereunder, and all insurance policies contemplated by this Section 15 shall contain a full waiver of subrogation or other rights against Landlord and Lender.

16. Casualty and Condemnation.

(a) In the event that any portion of the Premises shall be damaged by fire or any other casualty and Tenant reasonably determines that the damaged Premises are untenable and cannot be repaired within one hundred eighty (180) days after any such fire or other casualty and Tenant elects not to repair or restore the Premises, then Tenant shall be entitled to terminate this Lease by delivery of written notice thereof to Landlord within thirty (30) days of such damage, and thereupon, this Lease shall be terminated and Landlord and Tenant shall be released from their obligations under this Lease (except any Surviving Obligations) effective ninety (90) days after receipt by Landlord of Tenant's notice of its election to terminate. In the event the Lease is terminated as provided herein, Landlord shall be entitled to receive all of the insurance proceeds allocable to the Premises, and Tenant shall be entitled to all insurance proceeds allocable to Tenant's Personal Property.

(b) In the event all of the Premises shall be permanently taken by eminent domain, then this Lease shall automatically terminate on the date Tenant shall be deprived of the use thereof or the date title is vested in the condemning authority, whichever is earlier, and Landlord and Tenant shall have no further liability for obligations pursuant to this Lease accruing after the date of termination (except any Surviving Obligations).

(c) If any portion of the Premises shall experience a Partial Taking, then Tenant may elect to terminate this Lease as of the date of such Partial Taking or as of the date Tenant shall be dispossessed from the part so expropriated by giving notice to Landlord of such election to terminate within thirty (30) days from such date, and Landlord and Tenant shall have no further liability for obligations pursuant to this Lease accruing after the date of termination (except any Surviving Obligations). For purposes hereof, a "*Partial Taking*" shall mean a taking, by public or quasi-public authority, (i) lasting six (6) or more months in duration, (ii) which affects less than all of the Premises, and (iii) the result of such taking, in the reasonable judgment of Tenant, the Premises cannot continue to be viably operated for the Permitted Use.

(d) In the event of any taking, Landlord shall be entitled to recover from the expropriating authority all compensation arising out of such taking, except that Tenant may make and recover a claim for its relocation expenses provided that such claim does not reduce Landlord's compensation arising out of such Taking.

(e) Tenant shall be entitled to participate in all hearings relating to any condemnation proceeding, and, in furtherance thereof, Landlord shall provide at least thirty (30) days' advance notice to Tenant of all hearings relating to any hearing (provided that Landlord has at least thirty (30) days' advance notice of such hearings), shall permit Tenant to submit proof of Tenant's moving expenses to the condemning authority and shall consult with Tenant regarding the award for Tenant's relocation expenses.

(f) Landlord shall pay over to Tenant all proceeds, if any, of such taking which relate to the cost of restoring the Premises ("*Condemnation Awards*"). Restoration costs in excess of the Condemnation Awards received by Tenant shall be paid by Tenant. Upon receipt of such Condemnation Awards, Tenant shall, at its sole cost and expense, promptly and with due diligence restore the Premises as nearly as practicable to a complete unit of like quality and character as existed just prior to such taking or shall repair, rebuild or restore the Premises for another use and purpose as permitted hereunder.

(g) In the event of a taking of any portion of the Premises, and if this Lease is not terminated as hereinabove provided, this Lease shall continue as to that portion of the Premises which shall not have been expropriated. In the event of a taking of any portion of the Premises, and, if this Lease is not terminated as hereinabove provided, the Basic Rent shall be reduced from and after the date of such taking in the proportion that the enclosed square footage of the Improvements existing after the taking bears to the total enclosed square footage of the Improvements existing prior to the taking.

(h) If Tenant does not elect to terminate this Lease in accordance with this Section 16, then Tenant shall proceed to promptly restore the Improvements at Tenant's sole cost and expense after the adjustment of any insurance proceeds payable to Tenant or Condemnation Awards payable to Tenant, as the case may be. Any such restoration by Tenant may be in whole, in part, differ from the then-existing or historical configuration of the Improvements, and shall otherwise be in the manner Tenant determines in its sole discretion. Landlord agrees to cooperate in such restoration, at no cost to Landlord, by, among other things, making building permit applications and coordinating adjustment of insurance proceeds payable to Tenant or Condemnation Awards payable to Tenant. Except as set forth in Section 17(g), there shall be no abatement or reduction of Rent on account of any casualty or taking.

17. Assignment and Subletting.

(a) Except for Permitted Transfers (as defined below), Tenant shall not make assign, sublease, or otherwise transfer any of Tenant's interest in this Lease or the Premises without Landlord's written consent, which consent may not be unreasonably withheld, conditioned or delayed ("*Consent Transfer*"). In the event of any Consent Transfer, Tenant shall deliver to Landlord written notice thereof, accompanied by a copy of the instrument(s) of assignment or sublease, and evidence that any such assignee or sublessee shall agree in writing to assume and perform all of the terms and conditions of this Lease on Tenant's part to be performed with respect to the assigned or subleased estate from and after the commencement date of such Consent Transfer, all at least twenty (20) days prior to such Consent Transfer. If Landlord fails to respond to such information, Landlord will be deemed to have assented to the proposed Consent Transfer. Any Consent Transfer without Landlord's consent (or deemed assent), where required, and/or without notification to Landlord shall not be effective and Landlord shall not be bound thereby unless and until Landlord provides its written consent. Upon any Consent Transfer, Landlord, Tenant and new lessee shall sign a consent.

(b) Tenant may assign, sublet or transfer all or any of Tenant's interest in and to the Lease or Premises without Landlord's consent, but upon prior written notice to Landlord, to any (i) Tenant Affiliate, and/or (ii) any entity acquiring all or substantially all of the equity or assets of Tenant, either directly or indirectly through Tenant Parties or otherwise, by way of merger, consolidation, reorganization, order of a governmental authority, or operation of law, provided that the assignee, subtenant or transferee has a tangible net worth equal to or in excess of Tenant, as evidenced by documentation provided by Tenant to Landlord ("*Permitted Transfers*"). In the event of a Permitted Transfer pursuant to this Section 17(b), the requirements set forth in Section 17(a) shall not apply. Upon a Permitted Transfer, Tenant shall not be relieved of all obligations hereunder even if such assignee, subtenant or transferee assumes in writing all of Tenant's obligations under this Lease. A public or private offering of Tenant's

equity, whether stylized as stock, member interests, or otherwise, shall neither constitute a Permitted Transfer nor a Consent Transfer, it being agreed that any such offerings shall not be restricted, qualified, limited by, or otherwise subject to, the terms and conditions of this Lease.

(c) Landlord shall not be entitled to any recapture or profit-sharing arising out of or related to any Consent Transfer or Permitted Transfer.

(d) Subject to the provisions of Section 30, Landlord may sell or transfer the Premises at any time without Tenant's consent to any third party (each a "Third Party Purchaser") other than a Competitor (in which case Tenant's prior consent shall be required, which consent may be granted or withheld in Tenant's reasonable discretion). In the event of any such transfer, Tenant shall attorn to any Third Party Purchaser as Landlord so long as such Third Party Purchaser and Landlord notify Tenant in writing of such transfer. As used herein, a "Competitor" shall mean a Person (including an Affiliate thereof) which cultivates, manufactures or otherwise sells cannabis, including without limitation medical marijuana products, retail marijuana products, and hemp-based extracted products (but Competitor shall not include any institutional or private equity investor or fund that acquires interests in such Persons for investment purposes only or provides funding to such Persons in any form other than as a common equity holder).

18. Events of Default.

(a) The occurrence of any one or more of the following (after expiration of any applicable cure period as provided herein) shall, at the option of Landlord, constitute an "Event of Default" under this Lease:

(i) a failure by Tenant to make any payment of (A) Basic Rent on or prior to its due date, or (B) any Imposition in a timely manner as required pursuant to Section 9 (and, in any event, prior to delinquency), in either case, regardless of the reason for such failure, and such failure shall continue uncured for a period of five (5) business days from the date on which Landlord's written notice is given (provided that Tenant shall only be entitled to two (2) such notices and right to cure per any calendar year and thereafter any failure by Tenant to pay when due during the balance of such calendar year shall be an immediate Event of Default with no notice or right to cure), or (C) any other Monetary Obligation on or prior to its due date and such failure shall continue uncured for a period of twenty (20) days from the date on which Landlord's notice is given.

(ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision hereof not otherwise specifically mentioned in this Section 19(a), and such failure shall continue uncured for a period of thirty (30) days from the date on which notice is given or, if the default cannot be cured within such thirty (30) day period the cure period shall be extended for the period required to cure the default, not to exceed an additional sixty (60) days; provided, further, that Tenant shall have an additional period of time beyond such additional sixty (60) days as is reasonably necessary to cure such failure if: (A) Tenant is then current with all Monetary Obligations charged to Tenant under this Lease; (B) such failure cannot reasonably be cured within such additional sixty (60) days; (C) Tenant is diligently undertaking to cure such default; and (D) at Landlord's option, Tenant has provided Landlord with security reasonably satisfactory to Landlord against any impairment of Premises as a result thereof;

(iii) Tenant shall (A) voluntarily be adjudicated as bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself or for the Premises, (C) file a petition seeking relief under the bankruptcy or other similar Laws of the United States, any state or any jurisdiction, or (D) make a general assignment for the benefit of creditors;

(iv) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or for any of the Premises or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar Laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain undischarged or unstayed ninety (90) days after it is entered;

(v) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution;

(vi) Tenant shall enter into any Consent Transfer or Permitted Transfer in violation of the provisions of Section 17; and

(vii) Tenant shall fail to comply with its obligations under Section 21 below and fail to cure within ten (10) business days of receipt of written notice from Landlord

(b) Landlord shall be in default of this Lease if Landlord shall fail to perform or observe any obligation or covenant charged to Landlord under this Lease, and such failure continues for thirty (30) days after Tenant's written notice thereof ("Landlord Default"); provided, however, if the default cannot be cured within such thirty (30) day period, the cure period shall be extended for the period required to cure the default, not to exceed an additional sixty (60) days.

(c) If the last day of the applicable cure period, if any, for a corresponding default as set forth in Sections 18(a) and (b) falls on a Saturday, Sunday or an observed federal holiday, then such cure period shall be deemed extended to the next occurring business day.

19. Remedies & Damages.

(a) If an Event of Default shall have occurred and be continuing beyond the expiration of any applicable notice and/or cure period, then Landlord shall have the right to: (i) terminate this Lease if the Landlord Default materially and adversely affects Tenant's ability to operate in the Premises and Landlord fails to cure such Event of Default within an additional sixty (60) day period after written notice from Tenant specifying that Tenant intends to terminate this Lease if Landlord does not cure such Event of Default; (ii) bring an action for damages, and/or (iii) pursue any other right or remedy available to Landlord under applicable Law, whether in law or in equity, subject, in each case, to any conditions and limitations (including any additional notice requirements) under applicable Law.

(b) If a Landlord Default shall have occurred and be continuing beyond the expiration of any applicable notice and/or cure period, then Tenant shall have the right to: (i) terminate this Lease; (ii) bring an action for damages, and/or (iii) pursue any other right or remedy available to Tenant under applicable Law, whether in law or in equity, including, without limitation, the right to seek an order of specific performance, temporary injunction, or permanent injunction, subject, in each case, to any conditions and limitations (including any additional notice requirements) under applicable Law.

(c) No termination of this Lease, repossession or reletting of the Premises, exercise of any remedy or collection of any damages pursuant to this Section 19 shall relieve Tenant or Landlord of any Surviving Obligations.

(d) WITH RESPECT TO ANY REMEDY OR PROCEEDING OF LANDLORD OR TENANT HEREUNDER, TENANT AND LANDLORD HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY, PROVIDED, HOWEVER, THAT NEITHER LANDLORD NOR TENANT WAIVES ITS RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION, PROCEEDING OR COUNTER-CLAIM BROUGHT BY EITHER TENANT OR LANDLORD AGAINST THE OTHER IN ANY ACTION FOR PERSONAL INJURY OR PROPERTY DAMAGE.

(e) No failure of Landlord or Tenant (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. Payment by Tenant or receipt by Landlord of any sum in satisfaction of any Monetary Obligation with knowledge of the breach of any provision hereof shall not be deemed a waiver of any breach, and no waiver by Landlord or Tenant of any provision hereof shall be deemed to have been made unless expressed in a writing signed by applicable party against whom enforcement is sought.

(f) Except as otherwise provided herein, all remedies are cumulative and concurrent and no remedy is exclusive of any other remedy. Each remedy may be exercised at any time an Event of Default has

occurred and is continuing and may be exercised from time to time. No remedy shall be exhausted by any exercise thereof.

(g) Notwithstanding any provision of this Lease to the contrary, Landlord hereby acknowledges that due to the nature of the Permitted Uses certain rights and remedies that might otherwise be available to Landlord following an Event of Default, breach, surrender or any other failure to perform under this Lease by Tenant may be proscribed or limited by applicable Laws, including, without limitation, prohibition against the seizure of assets or inventory that causes Landlord to possess or transfer marijuana or marijuana-infused products without a permit may subject Landlord to penalties as defined in Florida Statutes Title XXIX, Ch. 381, §986. In addition, Landlord hereby acknowledges that under current applicable Laws a permit, whether provisional or final, is generally non-transferable under §986(8) thereof, and may not be assigned or transferred without prior state regulatory approval, and Landlord acknowledges that seizure of such license may not be available as a remedy for an Event of Default, breach or other failure to perform under this Lease.

20. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given and received for all purposes on (A) the date delivered (i) by Federal Express, UPS or other reliable 24-hour delivery service (that provides a signed receipt in confirmation of delivery) or (ii) by the United States mail, certified, return receipt requested, and postage prepaid; addressed to the other party at its address stated on page one of this Lease, or (B) if delivery by one of the foregoing methods is refused, on the date such delivery is refused. Notices sent to Landlord shall be to the attention of the President of Loop, and notices to Tenant shall be to the attention of the General Counsel of Tenant. A copy of any notice given by Landlord to Tenant shall be simultaneously given to Cozen O'Connor, Attn: Steven P. Katkov, 33 South Sixth Street, Suite 3800, Minneapolis, Minnesota 55402. For the purposes of this Section 20, (i) any party may substitute another address (or substituted by a previous notice) for its address by giving fifteen (15) days' notice of the new address to the other party, in the manner provided by this Section 20, and (ii) notices may be sent by counsel for a party with the same force and effect as if sent directly by such party. Rent payment instructions shall be provided from time to time as described in Section 5 of this Lease.

21. Estoppel Certificate. At any time upon not less than ten (10) days' prior written request by either Landlord or Tenant (the "*Requesting Party*") to the other party (the "*Responding Party*"), the Responding Party shall deliver to the Requesting Party a statement in writing, executed by an authorized officer of the Responding Party, certifying (a) that, except as otherwise specified, this Lease is unmodified and in full force and effect, (b) the dates to which Basic Rent, Additional Rent and all other Monetary Obligations have been paid, (c) that, to the knowledge of the signer of such certificate and except as otherwise specified, no Event of Default or Landlord Default exists, and (d) such other matters as the Requesting Party may reasonably request. Any such statements by the Responding Party may be relied upon by the Requesting Party, any Person whom the Requesting Party notifies the Responding Party in its request for the estoppel certificate is an intended recipient or beneficiary of the estoppel certificate, any Lender or their assignees and by any prospective purchaser or mortgagee of any of the Premises.

22. Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Premises to Landlord in the same condition in which the Premises was at the commencement of this Lease, except as repaired, rebuilt, restored, altered, replaced or added to as permitted or required by any provision of this Lease, ordinary wear and tear, and any casualty or condemnation as to which Tenant has no obligation hereunder to repair or restore, excepted. Upon such surrender, Tenant shall (a) remove from the Premises all (i) Tenant's Personal Property, (ii) Alterations required to be removed pursuant to Section 13 hereof, if any, and (iii) all Forced Removal Items, if applicable and if required by Landlord; and (b) repair any damage caused by such removal. Property not so removed shall become the property of Landlord, but Landlord may cause such property to be removed from the Premises and the cost of removing and disposing of such property and repairing any damage to any of the Premises caused by such removal shall be paid by Tenant to Landlord upon demand. Landlord shall not in any manner or to any extent be obligated to reimburse or otherwise compensate Tenant for any such property which becomes the property of Landlord pursuant to this Section 22. Notwithstanding anything to the contrary contained in this Lease, all Greenhouses and other Improvements currently located on the Land or which may

hereafter be constructed on the Land shall remain on the Land and shall be deemed to revert and vest in Landlord upon the expiration or earlier termination of this Lease.

23. No Merger of Title. There shall be no merger of the leasehold estate created by this Lease with the fee estate in any of the Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created hereby or any part thereof or interest therein and (b) the fee estate in any of the Premises or any part thereof or interest therein, unless and until all Persons having any such interest which are sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

24. Holdover. If Tenant remains in possession of all or any portion of the Premises after the then-scheduled Expiration Date of the Term, then such continuing possession shall constitute a holdover and shall create a tenancy at will or sufferance (or the substantial equivalent thereof under the applicable Laws of the State) on the terms of this Lease with respect to the entirety of the Premises. In any such event, such tenancy may be terminated effective as of the last calendar day of any month thereafter by either party giving not less than thirty (30) days' written notice to the other party or upon such shorter notice period as may permitted for such holdover termination under the applicable Laws of the State; and provided further that nothing herein shall prevent or limit Landlord's right or ability to commence proceedings to evict Tenant and to re-enter and repossess the Premises by any available legal process. During such holdover, Tenant shall be liable for Basic Rent on a monthly basis, in an amount equal to (a) for the first thirty (30) days of such holdover, (i) one hundred twenty five percent (125%) of the Basic Rent in effect at the time of the expiration of the Term, as well as (ii) all Additional Rent then payable by Tenant hereunder to Landlord or any third party provider, and (b) for any period thereafter, (i) one hundred fifty percent (150%) of the Basic Rent in effect at the time of the expiration of the Term, as well as (ii) all Additional Rent then payable by Tenant hereunder to Landlord or any third party provider. Any such holdover shall not be deemed to extend the Term, but the Tenant shall continue to be responsible for all of its obligations pursuant to this Lease (even if such obligations are only during the Term of this Lease) during any such holdover period.

25. Subordination, Non-Disturbance & Attornment; Landlord's Waiver & Landlord's Lien.

(a) This Lease and Tenant's interest hereunder (and the interests of any subtenants claiming through Tenant) shall be subordinate to any Mortgage or other security instrument hereafter placed upon the Premises by Landlord, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, replacements and extensions thereof, provided that as to Tenant only any such Lender shall not disturb Tenant's rights of possession under this Lease unless and until an Event of Default exists.

(b) Landlord agrees that, upon the request of any Person that shall be Tenant's senior secured lender, subordinate senior lender, purchase money equipment lender or an equipment lessor of Tenant, a consent and agreement with respect to the respective rights of Landlord and such Person regarding the security interests in, and the timing and removal of, any Tenant's Personal Property, including any inventory, machinery and movable equipment or other collateral in which such Person has a secured interest (the "*Collateral*"), in form and substance reasonably acceptable to Landlord, so long as such waiver and agreement (i) provides for the indemnification of Landlord against any claims by Tenant or any Person claiming through Tenant and against any physical damage caused to the Premises, in connection with the removal of any of the Collateral by such Person, (ii) expressly excludes any claim by such Person to any right, title or interest in or to any of the Equipment as defined in this Lease, (iii) provides for a reasonable, but limited, timeframe for the removal of such Collateral by such Person after the expiration of which same shall be deemed abandoned, and (iv) provides for the per diem payment of Basic Rent in the amounts due under Section 24 hereunder and all Additional Rent by such Person for each day following the date of the expiration or termination of this Lease thereafter that Landlord permits such Person's Collateral to remain in the Premises.

26. Tax Treatment; Reporting. Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for State Law purposes and shall report this transaction as a lease for federal income tax purposes. For federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Premises and Equipment, and Tenant as the lessee of such Premises and Equipment and owner of Tenant's

Personal Property, including: (a) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or 168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Premises and Equipment, (b) treating Tenant as the owner of the property eligible to claim depreciation deductions under Section 167 or 168 of the Code with respect to the Tenant's Personal Property, to the extent same qualifies for such treatment, (c) Tenant reporting its Rent payments as rent expense under Section 162 of the Code and (d) Landlord reporting the Rent payments as rental income. Notwithstanding the preceding, Tenant shall be entitled to claim depreciation deductions for all Improvements made at the sole cost and expense of Tenant in accordance with Code Section 168. Nothing in this Lease shall be deemed to constitute a guaranty, warranty or representation by either Landlord or Tenant as to the actual treatment of this transaction for State Law purposes or for federal income tax purposes.

27. Security Deposit. None.

28. Confidentiality. Each of Landlord and Tenant and their respective agents, consultants, accountants and attorneys, shall consider and treat on a strictly confidential basis (a) the terms and conditions and provisions of this Lease; and (b) any information contained in the books and records of Tenant provided that the restrictions contained in this Section 28 shall not prevent disclosure by Landlord or Tenant of any information in any of the following circumstances (i) upon the order of any court or administrative agency to the extent required by such order and not effectively stayed or by appeal or otherwise; (ii) upon the request, demand or requirement of any regulatory agency or authority having jurisdiction over such party, including the FDOH and the Securities and Exchange Commission (whether or not such request or demand has the force of law); (iii) that has been publicly disclosed, or independent developed, other than by breach of this Section 28, (iv) to counsel, accountants or consultants for such Person who has agreed to abide by the provisions of this Section 28; (v) or counsel, accountants or consultants for Lender or Landlord; (iv) while an Event of Default exists, or in connection with the exercise of any enforcement, right or remedy under this Lease or any other related document; (vi) in connection with any sale or financing of the Premises, provided that any recipient of such information who is a prospective purchaser of the Premises (except for a purchaser that purchases all or substantially all of the assets of Landlord's parent company) shall agree to be bound by the terms of this Section 28; and (vii) to the extent otherwise required by Law, or as necessary for either party to enforce this Lease.

29. Florida State Specific Provisions. Notwithstanding anything to the contrary contained in this Lease, the following provisions shall be applicable to the extent the Laws of the State in which the Premises is located are determined to be applicable to this Lease, and Tenant hereby expressly acknowledges and agrees to the application of same; provided that, nothing herein is intended to or shall be construed as superseding or diminishing any express waiver by Tenant contained in this Lease, each of which shall be enforced to the fullest extent permitted by the Laws of the State:

(a) The parties acknowledge that this Lease may be subject to initial and periodic review by the FDOH for, among other things, compliance with Law in effect at the time of such review. As part of such review, they may require amendments be made to this Lease. In the event of such requirement, Landlord and Tenant shall cooperate in good faith to promptly amend this Lease. If such amendment(s) have an adverse financial effect on Landlord or affect the term of this Lease, then the parties will further endeavor in good faith to replace the affected provisions the economic effect of which comes as close as possible to that of the affected provisions and acceptable to the FDOH, as applicable.

(b) Landlord and Tenant acknowledge that notwithstanding anything to the contrary contained in this Lease, any access granted to, or repossession taken by, Landlord under the terms of this Lease (including, without limitation, Sections 3(b) or 9(c)), may be subject to and/or required to be conducted in a manner consistent with the rules and regulations of the FDOH.

(c) In accordance with the requirements of Florida Statutes Section 404.056, the following notice is hereby given:

Radon Gas. Radon is a naturally occurring radioactive gas that, when it is accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of Radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding Radon and Radon testing may be obtained from the county public health unit for the county in which the building is located.

(d) Tenant shall pay to Landlord the amount of any sales or similar tax now or hereafter imposed by the State of Florida or any political subdivision thereof or any other governmental body or authority on the Basic Rent, Additional Rent and any charges payable by Tenant under this Lease. Such payments on account of sales or similar taxes shall be paid together with the corresponding amounts due under this Lease, and the obligation to pay same shall survive the expiration or earlier termination of this Lease.

(e) Tenant shall never, under any circumstances, have the power to subject the interest of Landlord in the Premises, the Greenhouses or the Land to any mechanic's, materialmen's, or construction liens of any kind. In order to comply with the provisions of Chapter 713.10, Florida Statutes, it is specifically provided that neither Tenant nor anyone claiming by, through or under Tenant, including, but not limited to, contractors, subcontractors, materialmen, mechanics and/or laborers, shall have any right to file or place any mechanics', materialmen's or construction liens of any kind whatsoever upon the Premises, the Greenhouses, the Land, or Improvements thereon, and any such liens are hereby specifically prohibited. All parties with whom Tenant may deal are put on notice that Tenant has no power to subject Landlord's interest to any mechanics', materialmen's or construction lien of any kind or character, and all such persons so dealing with Tenant must look solely to the credit of Tenant, and not to Landlord's interest or assets. Without limiting the generality of the foregoing, the Lease provides as follows: THE INTEREST OF LANDLORD IN THE PREMISES, THE GREENHOUSES, AND THE LAND SHALL NOT BE SUBJECT TO LIENS FOR IMPROVEMENTS TO THE PREMISES, THE GREENHOUSES, AND/OR THE LAND MADE BY TENANT, NOTWITHSTANDING ANY APPROVAL BY LANDLORD OF ANY CONTRACT(S) WITH ANY CONTRACTOR(S), AND/OR LANDLORD'S APPROVAL OF ANY SUCH IMPROVEMENT(S) AND/OR PLANS. PRIOR TO ENTERING INTO ANY CONTRACT FOR THE CONSTRUCTION OF ANY ALTERATION OR IMPROVEMENT, TENANT SHALL NOTIFY THE CONTRACTOR MAKING IMPROVEMENTS TO THE PREMISES, THE GREENHOUSES AND/OR THE LAND OF THE FOREGOING PROVISION, AND TENANT'S KNOWING OR WILLFUL FAILURE TO PROVIDE SUCH NOTICE TO THE CONTRACTOR SHALL RENDER THE CONTRACT BETWEEN TENANT AND THE CONTRACTOR VOIDABLE AT THE OPTION OF THE CONTRACTOR. If any lien is filed against the Premises for work or materials claimed to have been furnished to Tenant, Tenant shall cause it to be discharged of record or properly transferred to a bond under Section 713.24, Florida Statutes, within ten days after notice to Tenant.

30. Right of First Refusal. Provided that no Event of Default exists, if Landlord receives from, or tenders to a potential purchaser (a "*Proposed Purchaser*"), an offer to sell any or all of the Premises ("*Offer*"), then Landlord shall, within five (5) business days of its receipt or tender of such Offer, deliver to Tenant written notice of the Offer ("*Notice of Offer*"). The Notice of Offer shall set forth all of the material economic terms and conditions of the Offer. For purposes of clarity, Landlord need not have entered into a purchase agreement with the Proposed Purchaser prior to delivering the Notice of Offer to Tenant and may deliver the Notice of Offer to Tenant based on a non-binding letter of intent with a Proposed Purchaser. Tenant shall have fifteen (15) days following receipt of the Notice of Offer to notify Landlord in writing of its election to purchase the portion of the Premises subject to such Offer on the same terms and conditions set forth in the Offer. If Tenant exercises the rights herein granted, then Landlord and Tenant shall enter into a purchase contract mutually acceptable to Landlord and Tenant containing the same terms and conditions set forth in the Offer. If Tenant does not timely exercise the rights herein granted within such 15-day period, then Landlord may sell the portion of the Premises identified in the Offer on substantially the same terms and conditions described in the Notice of Offer. A sale shall be deemed to be on substantially the same terms and conditions as the Notice of Offer if the purchase price is equal to or greater than 95% of the purchase price set forth in the Notice of Offer. Landlord shall, not more than five (5) days after the

execution of any sale contract with a third party, provide a copy thereof to Tenant solely for Tenant's verification of the provisions above. The right of first refusal granted to Tenant under this Section 30 shall be a one-time right and shall terminate if Tenant fails to timely accept an Offer from Landlord or if Tenant accepts an Offer and fails to close under such Offer. This Section 30 is personal to the original Tenant and any transferee under a Permitted Transfer only, and shall not apply to any transferee under a Consent Transfer. Notwithstanding anything to the contrary contained herein, Landlord shall not be required to provide a Notice of Offer to Tenant for any sale or transfer to any Affiliate of Landlord or any of Landlord's members or shareholders or any of their family members or trusts (a "*Related Party Transfer*"), provided that the transferee in any such Related Party Transfer shall take subject to the terms of this Section 30. It is expressly agreed that the right of first refusal provided herein shall apply not only to the portions of the Land within the current footprint of the Greenhouses, but also to any portions of the Land outside the current footprint of the Greenhouses. Landlord shall be solely responsible for any costs and expenses associated with subdividing or platting if required to cause the portions of the Land subject to an accepted Offer to constitute discrete parcels of real property on or prior to the conveyance thereof to Tenant. Tenant shall be responsible for any survey expenses if a subdivision or platting is not required.

31. Generally.

(a) The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease.

(b) As used in this Lease, the singular shall include the plural and any gender shall include all genders as the context requires and the following words and phrases shall have the following meanings: (i) "including" shall mean "including without limitation"; (ii) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (iii) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (iv) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (v) "any of the Premises" shall mean "the Premises or any part thereof or interest therein"; (vi) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (vii) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; and (viii) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein".

(c) Subject to Force Majeure Delay, time is of the essence with respect to the performance by Tenant and Landlord of their respective obligations and covenants under this Lease, provided that in no event shall any Force Majeure Delay extend or excuse any party from paying any sums due from such party under this Lease.

(d) Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or Tenant Parties with respect to any of the Premises or otherwise in the conduct of their respective businesses.

(e) This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Premises and the transactions provided for herein. Landlord and Tenant are business entities having substantial experience with the subject matter of this Lease and have each fully participated in the negotiation and drafting of this Lease. Accordingly, this Lease shall be construed without regard to the rule that ambiguities in a document are to be construed against the drafter.

(f) This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

(g) The covenants of this Lease shall run with the land and bind Tenant and its successors and assigns, Landlord and its successors and assigns as lessor hereunder, and all present and subsequent encumbrancers and subtenants of any of the Premises and shall inure to the benefit of Tenant and its permitted successors and

assigns only and Landlord and its successors and assigns. If there is more than one Tenant, the obligations of each shall be joint and several.

(h) If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(i) All exhibits attached hereto are incorporated herein as if fully set forth.

(j) This Lease shall be governed by and construed and enforced in accordance with the Laws of the State. EACH OF LANDLORD AND TENANT HEREBY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY MAIL, PERSONAL SERVICE OR IN ANY OTHER MANNER PERMITTED BY THE APPLICABLE LEGAL REQUIREMENTS OF THE STATE (OR SUCH JURISDICTION WHERE SERVICE MAY BE HAD AGAINST THE APPLICABLE PARTY), AT THE ADDRESS SPECIFIED IN SECTION 21 (AS SAME MAY BE UPDATED IN ACCORDANCE WITH THE PROVISIONS OF THE LEASE).

(k) (i) Neither Landlord nor Tenant is, or will become a Person with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and (ii) neither Landlord nor Tenant nor its respective officers, directors, employees or any Person acting on its behalf is or will become a Person who violates the U.S. Foreign Corrupt Practices Act 15 U.S.C. §§78dd-1, 78dd-2 and 78dd-3, or the U.K. Bribery Act 2010 (c.23) (both, as amended from time to time) or any other similar Law or Legal Requirement and neither Landlord nor Tenant nor its respective officers, directors, employees or any Person acting on its behalf will engage in any dealings or transactions or be otherwise associated with any such Persons.

(l) This Lease may be executed in a number of counterparts and by different parties hereto in separate counterparts each of which, when so executed, shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

(m) Notwithstanding anything in this Lease to the contrary, in no event shall Landlord or Tenant be liable or responsible for punitive, consequential, special or indirect damages under this Lease, except as to any Event of Default under Section 9(a) or Section 24 of this Lease.

(n) If any action at law or in equity is necessary to enforce or interpret the terms of this Lease, the prevailing party, as determined by the tribunal hearing the matter, shall be entitled to reasonable attorneys’ fees and costs of the proceeding in addition to any other relief to which it may be entitled.

(o) It is acknowledged that Loop Trust is the fee owner of 4842 Race Track Road, St. John’s County, Florida 32259 and that Loop Inc. is the fee owner of 4844 Race Track Road, St. John’s County, Florida 32259. Loop Trust hereby irrevocably designates Loop Inc. as its representative for all matters under this Lease. Tenant shall be entitled to rely upon the directions and determinations of Loop Inc. as the directions and determinations of Landlord. Tenant need only send notices to Loop Inc. to be effective upon Landlord. In the event that Tenant receives any directions or determinations from Loop Trust and Loop Inc. that conflict or differ, Tenant shall be entitled to rely on the direction or determine delivered by Loop Inc. and to disregard the conflicting or differing direction of Loop Trust. Tenant shall pay all Monetary Obligations to Loop Inc., following which Loop Inc. and Loop Trust shall allocated such amounts between themselves in any manner they determine. Any writing signed by Loop Inc. shall be binding upon Loop Trust with respect to any action, request or requirement of Landlord.

* * * * *
[signatures follow]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

LOOP'S NURSERY & GREENHOUSES, INC.,

a Florida profit corporation

By: /s/ David W. Loop

Name: David W. Loop

Title: President

LANDLORD:

FAMILY TRUST CREATED UNDER THE RUTH F. LOOP REVOCABLE TRUST DATED NOVEMBER 1, 1991, AS AMENDED,

a Florida revocable trust

By: /s/ Carl B. Loop, Jr.

Name: Carl B. Loop, Jr.

Title: Trustee

TENANT:

VIDACANN, LLC,

a Florida limited liability company

By: /s/ David W. Loop

Name: David W. Loop

Title: President

**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: August 8, 2024

/s/ Robert Groesbeck

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

**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: August 8, 2024

/s/ Larry Scheffler

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

**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: August 8, 2024

/s/ Dennis Logan

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

**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 June 30, 2024, 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: August 8, 2024

/s/ Robert Groesbeck

Robert Groesbeck
Co-Chief Executive Officer

Date: August 8, 2024

/s/ Larry Scheffler

Larry Scheffler
Co-Chief Executive Officer

Date: August 8, 2024

/s/ Dennis Logan

Dennis Logan
Chief Financial Officer