



**MANAGEMENT DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025**

Expressed in United States Dollars

Dated: May 14, 2025

The Management's Discussion and Analysis of Financial Condition and Results of Operations for Planet 13 Holdings Inc. is also included in the Form 10-Q for the three months ended March 31, 2025, filed on SEDAR+ on May 14, 2025, in its entirety.

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

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Planet 13 is for the three months ended March 31, 2025. It is supplemental to, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2025 and 2024, 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 "Cautionary Note 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

We are a multi-state cannabis operator with licenses to operate in Nevada, California, Florida, and Illinois.

As of March 31, 2025, we employed approximately 900 full-time and 100 part-time employees 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 March 31, 2025, we held the following licensed cannabis operations in Nevada: (a) one dual-licensed dispensary superstore adjacent to the Las Vegas Strip with 24,000 square feet of licensed dispensary (the "Planet 13 Las Vegas Superstore"), (b) one adult-use "neighborhood store" at 2,300 square feet of licensed dispensary (the "Medizin dispensary"), (c) three dual-licensed production facilities, one of which is co-located and customer-facing at the Planet 13 Las Vegas SuperStore with 18,500 square feet of licensed production, (d) three dual-licensed cultivation facilities, one with approximately 16,100 square foot indoor cultivation facility under perpetual harvest cycle, a second with 45,000 square feet co-located with our production license at that facility, and a 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, (e) one cannabis distribution license and (f) one cannabis consumption license operating as Dazed! Consumption Lounge, a 3,000 square foot location inside the Planet 13 Las Vegas Superstore. At the Planet 13 Las Vegas Superstore, we also offer ancillary services to our customers, including a restaurant (currently closed and awaiting a new tenant operator) with a liquor license, a retail store, and our online cannabidiol ("CBD") store which also sells products in our facility.

California

As of March 31, 2025, we held the following licensed operations in California: (a) an adult-use dispensary superstore co-located with a distribution license at our 33,000 square foot facility in Santa Ana (the "Planet 13 OC Superstore"), and (b) one dual-use and two adult-use cultivation licenses along with a nursery license and distribution license at our 35,000 square foot cultivation facility, and one Type P production license at a 4,000 square foot facility.

Florida

As of March 31, 2025, we are continuing capital outlays to utilize our Florida MMTC license issued by the Florida Department of Health that was acquired through our acquisition of VidaCann. The VidaCann acquisition added a cultivation and processing facility, a production facility and a 26 retail store network, to which we have added six additional locations, bringing the total number of medical dispensaries we operate in Florida to 32. We also hold a 23-acre parcel of real property, inclusive of a 10,500 square foot building, near Ocala, Florida that is currently listed for sale. The property previously received Florida OMMU approvals for cultivation, processing, and dispensing activities. As of the date of this quarterly report on Form 10-Q, as part of our Florida expansion, we have entered into four leases for additional dispensing locations in Florida, which remain subject to completion of tenant improvements and regulatory inspection prior to sales to customers.

Illinois

As of March 31, 2025 we operate one dispensary in Waukegan, Illinois. The Company has begun to introduce its exclusive brands of products in the Illinois market starting with the HaHa line of infused gummy products currently selling in the Planet 13 Waukegan dispensary. The Company intends to expand the sale of these exclusive products to 3rd party dispensaries in the Illinois market through its wholesale distribution network in the second half of 2025.

Results of Operations

<i>Expressed in USD\$</i>	Three Months Ended		Percentage Change
	March 31, 2025	March 31, 2024	
Revenue			
Net revenue	28,031,807	22,877,471	22.5%
Cost of Goods Sold	(16,024,302)	(12,392,992)	29.3%
Gross Profit	12,007,505	10,484,479	14.5%
Gross Profit Margin %	42.8%	45.8%	
Expenses			
General and Administrative	14,016,688	10,024,787	39.8%
Sales and Marketing	1,547,018	1,290,737	19.9%
Lease expense	1,304,893	774,946	68.4%
Depreciation and Amortization	1,751,430	2,059,023	(14.9)%
Total Expenses	18,620,029	14,149,493	31.6%
Income (Loss) From Operations	(6,612,524)	(3,665,014)	80.4%
Other Income (Expense):			
Interest expense, net	(176,411)	24,562	(818.2)%
Foreign exchange gain (loss)	(2,889)	(3,097)	(6.7)%
Other income, net	4,978,523	113,749	4276.8%
Total Other Income	4,799,223	135,214	3449.4%
Loss for the period before tax	(1,813,301)	(3,529,800)	(48.6)%
Provision for income tax (current and deferred)	(233,866)	(2,343,969)	(90.0)%
Loss for the period	(2,047,167)	(5,873,769)	(65.1)%
Loss per share for the period			
Basic and fully diluted income (loss) per share	\$ (0.01)	\$ (0.03)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	325,261,578	228,437,545	

We experienced a \$5,154,336 increase in net revenue during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024. The increase is attributable to the inclusion of the VidaCann operations for a full quarter as a result of the acquisition that closed on May 9, 2024. Results from the VidaCann operations are not included in the results for the three months ended March 31, 2024. We experienced a reduction in the number of customers at our Planet 13 Las Vegas Superstore compared to the prior year, a decrease in revenue from the Planet 13 OC store, relatively flat wholesale revenue from the NGW cultivation operations in California and a decrease in net wholesale revenue in Nevada. Overall, net revenue increased by 22.5% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024 as a result of the inclusion of the VidaCann operations during the three months ended March 31, 2025. We believe that the potential economic downturn and increase in inflation combined to reduce the disposable income of our customers during the three months ended March 31, 2025, and also had an impact on the number of customers and tourists visiting the Planet 13 Las Vegas Superstore and our other retail locations.

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Details of net revenue by product category are as follows:

	Three Months Ended		Percentage Change
	March 31, 2025	March 31, 2024	
Flower	\$ 10,241,007	\$ 7,230,167	41.6%
Concentrates	8,712,701	7,021,713	24.1%
Edibles	4,187,874	3,799,037	10.2%
Topicals and Other Revenue	1,488,219	986,747	50.8%
Wholesale	3,402,006	3,839,807	(11.4)%
Net revenue	\$ 28,031,807	\$ 22,877,471	22.5%

Gross profit margin for the three months ended March 31, 2025, was 42.8% compared to 45.8% for the three months ended March 31, 2024. The decrease in gross profit margin was a result of lower wholesale margins when compared to the three months ended March 31, 2024. Retail operations have an inherently higher gross margin than wholesale operations.

The costs of internal cultivation have continued to trend down as we continue to improve our yields and cultivation efficiency across all of our cultivation facilities. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin, continued to have a positive impact on gross margins during the three months ended March 31, 2025, helping offset the lower margins received on the sale of wholesale product and sales to local customers in the State of Nevada. The cost of internal cultivation at our VidaCann operations also improved during the three months ended March 31, 2025 as upgrades and efficiency measures implemented have had a positive impact on yields and lower operational costs. 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 grow our Florida retail operations.

Our premium cultivation facilities were operating near capacity during the three months ended March 31, 2025. The amount of cannabis grown during the three months ended March 31, 2025, was in line with the prior year first quarter. Wholesale flower prices continued to be soft in both California and Nevada in the three months ended March 31, 2025. The ongoing price declines that were experienced during 2024 and in the three months ended March 31, 2025 led to an overall decline in wholesale flower revenue during the quarter when compared to the three months ended March 31, 2024.

Overall gross profit was \$12,007,505 and \$10,484,479 for the three months ended March 31, 2025 and 2024 respectively, an increase of 14.5%. The increase can be directly attributed to the inclusion of the VidaCann operations during the three months ended March 31, 2025.

General and Administrative (“G&A”) expenses (which includes non-cash share-based compensation expenses), increased by 39.8% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024. The increase in G&A expenses incurred was a result of the addition of the VidaCann operations. These increases were partially mitigated by focused cost cutting initiatives undertaken by the Company, coupled with a reduction in share-based compensation expense recorded during the three months ended March 31, 2025 when compared to the three months ended March 31, 2024. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 49.8% for the three months ended March 31, 2025, compared to 43.4% for the three months ended March 31, 2024.

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

	Three Months Ended		Percentage Change
	March 31, 2025	March 31, 2024	
Salaries and wages	\$ 5,878,604	\$ 3,665,242	60.4%
Share-based compensation expense	60,331	104,338	(42.2)%
Executive compensation	1,099,940	632,362	73.9%
Licenses and permits	702,036	561,616	25.0%
Payroll taxes and benefits	1,387,489	973,275	42.6%
Supplies and office expenses	329,597	240,820	36.9%
Subcontractors	635,060	117,219	441.8%
Professional fees (legal, audit and other)	1,263,506	2,171,039	(41.8)%
Miscellaneous general and administrative expenses	2,660,125	1,558,876	70.6%
	<u>\$ 14,016,688</u>	<u>\$ 10,024,787</u>	<u>39.8%</u>

Non-cash, share-based compensation of \$60,331 was recognized during the three months ended March 31, 2025, decreasing from \$104,338 that was recognized during the three months ended March 31, 2024. The decrease is attributable to the 485,185 Restricted Share Units (“RSUs”) that were granted in the prior year, of which 185,185 vested immediately when compared to 100,000 RSUs that were granted and vested in the three months ended March 31, 2025. 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, 2024, 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 19.9% or \$256,281 during the three months ended March 31, 2025 compared to the three months ended March 31, 2024. 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 and the Planet 13 OC store and our Medizin dispensary in Nevada as well as to support the launch of our Planet 13 Illinois retail dispensary in Waukegan and marketing expenses incurred in Florida promoting our expanded store network.

Lease expense increased by 68.4% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024 due to increases in contracted lease rates on the Company's leased properties during the year as well as the addition of 32 dispensaries, a cultivation and processing facility and a production facility in Florida.

Depreciation and amortization decreased by 14.9% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024 due to a reduction in the asset base in California after impairment charges in 2024, which included depreciation expense in the prior year.

No impairment charge was incurred during the three months ended March 31, 2025. During the quarter ended March 31, 2024, we recorded an impairment loss of \$2,393,087 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 of (\$176,411) was incurred during the three months ended March 31, 2025, compared to net interest income of \$24,562 earned during the three months ended March 31, 2024. Interest income relates to interest earned on cash deposits held by the Company. 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 March 31, 2025, was \$1,190,957 compared to \$1,177,722 as of December 31, 2024.

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.

Other income (expense), consisting of Automated Teller Machine ("ATM") fees, and other miscellaneous income/expense, including the recovery of a property in a legal settlement related to the El Capitan matter valued at \$4,570,227, was income of \$4,978,523 for the three months ended March 31, 2025, compared to other income consisting of ATM fees, and other miscellaneous income/expense of \$113,749 for the three months ended March 31, 2024.

Income tax expense for the three months ended March 31, 2025, was \$233,866 compared to \$234,969 for the prior year period. The tax expense increased due to a decrease in the Company's deferred tax valuation allowance during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024. 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 March 31, 2025, was \$2,047,167 ((\$0.01) per share) compared to an overall net loss of \$5,873,769 ((\$0.03) per share) for the three months ended March 31, 2024.

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 States of Nevada and Florida, dispensary, cultivation and distribution operations in the State of California and dispensary operations in the State of Illinois.

Liquidity and Capital Resources

As of March 31, 2025, our financial instruments consist of cash, restricted cash, deposits, accounts receivable, accounts payable and accrued liabilities, and notes payable. We have no speculative financial instruments, derivatives, forward contracts, or hedges.

As of March 31, 2025, we have working capital of \$26,457,372 compared to working capital of \$36,446,097 as of March 31, 2024. 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 and the planned build-out of its operations in Florida. The Company currently has two properties for sale; a home in Santa Barbara California and a commercial property in Summerfield, Florida that it expects to have sold in the second half of 2025 with net proceeds in the range of \$7M to \$8M combined. The Company will use the proceeds to fund operations and expansion in Florida.

The Company entered into a \$9,750,000 cash secured revolving line of credit agreement on June 13, 2024, which had no previous draws until the quarter ended March 31, 2025. The existing \$3M draw was used to pay off the approximately \$3M note payable at Lafayette State Bank that matured on February 20, 2025.

The following table relates to the three months ended March 31, 2025 and 2024:

	Three Months Ended	
	March 31, 2025	March 31, 2024
Cash flows used in operating activities	\$ (5,189,040)	\$ (1,430,951)
Cash flows used in investing activities	(2,691,268)	(2,942,596)
Cash flows provided by financing activities	52,368	9,913,856

Cash Flows from Operating Activities

Net cash used in operating activities was \$5,189,040 for the three months ended March 31, 2025, compared to cash used in operating activities of \$1,430,951 for the three months ended March 31, 2024. A significant portion of the increase in cash used in operating activities is directly attributable to the net change in certain working capital items during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024.

Cash Flows from Investing Activities

Net cash used in investing activities was \$2,691,268 for the three months ended March 31, 2025, compared to net cash used in investing activities of \$2,942,596 for the three months ended March 31, 2024. Capital expenditures were primarily related to new store buildouts and upgrades to the cultivation facilities in Florida.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$52,368 during the three months ended March 31, 2025, compared to net cash provided by financing activities of \$9,913,856 for the three months ended March 31, 2024. The increase was a result of the net cash proceeds received on the closing of an equity financing in March 2024.

Capital Resources

We have a recent history of operating losses. It may be necessary for us to arrange for additional financing to meet our ongoing 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.

