



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024
EXPRESSED IN UNITED STATES DOLLARS

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management.

These financial statements for Planet 13 Holdings Inc. are also included in the Form 10-Q for the quarter ended June 30, 2025 filed on SEDAR+ on May 14, 2025, in its entirety.

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements.
PLANET 13 HOLDINGS INC.
Interim Condensed Consolidated Balance Sheets
(Unaudited, In United States Dollars)

	June 30, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash	\$ 15,853,538	\$ 23,384,493
Restricted Cash	-	2,050,584
Accounts Receivable	1,595,501	1,473,156
Inventory	24,525,493	22,821,994
Assets held for sale	4,588,153	-
Prepaid Expenses and Other Current Assets	3,204,810	4,568,816
Total Current Assets	<u>49,767,495</u>	<u>54,299,043</u>
Property, Plant and Equipment	62,103,281	63,511,423
Intangible Assets and Goodwill	48,763,931	48,763,931
Right of Use Assets - Operating	37,734,775	38,229,399
Long-term Deposits and Other Assets	1,081,089	1,033,758
Deferred Tax Asset	1,527,368	896,525
TOTAL ASSETS	<u><u>\$ 200,977,939</u></u>	<u><u>\$ 206,734,079</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current:		
Accounts Payable	\$ 6,963,296	\$ 7,421,921
Accrued Expenses	7,690,843	7,285,415
Income Taxes Payable	159,080	139,480
Notes Payable - Current Portion	10,634,000	8,681,684
Operating Lease Liabilities	2,085,595	1,818,588
Total Current Liabilities	<u>27,532,814</u>	<u>25,347,088</u>
Long-Term Liabilities:		
Operating Lease Liabilities	45,982,271	46,448,666
Other Long-term Liabilities	1,249,045	1,220,722
Uncertain Tax Positions	26,902,238	19,321,475
Deferred Tax Liability	1,388,432	1,682,207
Total Liabilities	<u>103,054,800</u>	<u>94,020,158</u>
SHAREHOLDERS' EQUITY		
Common Stock, no par value, 1,500,000,000 shares authorized, 325,363,800 issued and outstanding at June 30, 2025 and 325,163,800 issued and outstanding at December 31, 2024	-	-
Preferred Stock, no par value, 50,000,000 shares authorized, 0 issued and outstanding at June 30, 2025 and 0 at December 31, 2024	-	-
Additional Paid-In Capital	369,378,966	368,821,339
Deficit	(271,455,827)	(256,107,418)
Total Shareholders' Equity	<u>97,923,139</u>	<u>112,713,921</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 200,977,939</u></u>	<u><u>\$ 206,734,079</u></u>

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, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues, net of discounts	\$ 26,854,361	\$ 31,088,254	\$ 54,886,168	\$ 53,965,725
Cost of Goods Sold	<u>(15,195,868)</u>	<u>(15,251,527)</u>	<u>(31,220,170)</u>	<u>(27,644,519)</u>
Gross Profit	11,658,493	15,836,727	23,665,998	26,321,206
Expenses:				
General and Administrative	13,641,035	12,277,708	27,657,723	22,302,495
Sales and Marketing	1,625,971	1,517,640	3,172,989	2,808,377
Lease Expense	1,382,068	1,045,611	2,686,961	1,820,557
Impairment Loss	-	2,393,087	-	2,393,087
Depreciation	1,835,289	2,145,048	3,586,719	4,204,071
Total Expenses	18,484,363	19,379,094	37,104,392	33,528,587
Loss From Operations	(6,825,870)	(3,542,367)	(13,438,394)	(7,207,381)
Other Income (Expense):				
Interest income (expense), net	(377,290)	84,580	(553,701)	109,142
Foreign exchange (loss)	(224)	(6,945)	(3,113)	(10,042)
Other income, net	325,704	(557,479)	5,304,227	(443,730)
Total Other Income (Expense)	(51,810)	(479,844)	4,747,413	(344,630)
Loss Before Provision for Income Taxes	(6,877,680)	(4,022,211)	(8,690,981)	(7,552,011)
Provision For Income Taxes				
Current Tax Expense	(6,510,445)	(3,898,486)	(7,582,047)	(6,262,346)
Deferred Tax Recovery	86,883	(152,449)	924,619	(132,558)
	<u>(6,423,562)</u>	<u>(4,050,935)</u>	<u>(6,657,428)</u>	<u>(6,394,904)</u>
Net Loss and Comprehensive Loss	\$ (13,301,242)	\$ (8,073,146)	\$ (15,348,409)	\$ (13,946,915)
Loss per Share				
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.05)	\$ (0.05)
Weighted Average Number of Shares of Common Stock				
Basic and diluted	325,362,689	289,175,997	325,311,866	258,806,771

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)

	<u>Number of</u>				
	<u>Shares of</u>	<u>Warrants</u>	<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Common</u>		<u>Paid-in</u>	<u>Deficit</u>	<u>Shareholders'</u>
	<u>Stock</u>		<u>Capital</u>		<u>Equity</u>
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 on 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	<u>325,163,800</u>	<u>18,750,000</u>	<u>\$380,317,680</u>	<u>\$(222,257,477)</u>	<u>\$ 158,060,203</u>
Balance, December 31, 2024	325,163,800	18,750,000	\$368,821,339	\$(256,107,418)	\$ 112,713,921
Share based Compensation - RSUs	-	-	557,627	-	557,627
Shares Issued on Settlement of RSUs	200,000	-	-	-	-
Net Loss for the Period	-	-	-	(15,348,409)	(15,348,409)
Balance, June 30, 2025	<u>325,363,800</u>	<u>18,750,000</u>	<u>\$369,378,966</u>	<u>\$(271,455,827)</u>	<u>\$ 97,923,139</u>

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, 2025	June 30, 2024
CASH USED IN OPERATING ACTIVITIES		
Net loss	\$ (15,348,409)	\$ (13,946,915)
Adjustments for items not involving cash:		
Shared based compensation	557,627	129,477
Non-cash lease expense	1,061,762	747,863
Depreciation	6,283,526	6,249,458
Loss on impairment of fixed assets	-	2,393,489
Loss on impairment of intangible assets	-	762,091
Loss on disposal of fixed assets	-	86,140
Recovery of property in legal settlement	(4,588,153)	-
Amortization of note payable discount	177,191	-
Lease incentive amortization	3,804	54,554
	(11,852,652)	(3,523,843)
Net Changes in Non-cash Working Capital Items	6,206,445	7,731,109
Repayment of lease liabilities	(770,330)	(444,345)
Total Operating	(6,416,537)	3,762,921
FINANCING ACTIVITIES		
Proceeds from public share issuance	-	9,862,208
Net Cash From VidaCann Acquisition	-	589,666
VidaCann Acquisition-Cash Component	-	(4,000,000)
Repayment of Lafayette State Bank Note	(2,947,632)	-
Revolving Line of Credit	9,750,000	-
Payment of Promissory Note to former VidaCann Shareholders	(5,000,000)	-
Total Financing	1,802,368	6,451,874
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,967,370)	(7,018,532)
Proceeds from sales of fixed assets	-	4,594
Proceeds from the sale of Florida license, net of transaction costs	-	8,237,909
Total Investing	(4,967,370)	1,223,971
NET CHANGE IN CASH DURING THE PERIOD	(9,581,539)	11,438,766
CASH		
Beginning of Period	25,435,077	17,281,592
End of Period	\$ 15,853,538	\$ 28,720,358

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. The Company is licensed in these jurisdictions as follows: six Nevada licenses for cultivation (three medical and three adult-use), six Nevada licenses for production (three medical and three adult-use), three Nevada dispensary licenses (one medical and two adult-use), two Nevada licenses for distribution (one active, one conditional), one medical and adult-use dispensary license in California, two distribution licenses in California, one event organizer license in California, one medium indoor cultivation license in California, one non-volatile manufacturing license in California, one Medical Marijuana Treatment Center license in Florida (unlimited medical dispensaries, cultivation and processing) and one adult-use dispensary license in Illinois.

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. 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, 2024 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. 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 13, 2025.

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, 2025	Jurisdiction of Incorporation	Ownership Interest 2025	Ownership Interest 2024	Nature of Business
MM Development Company, Inc.	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	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 for Next Green Wave, LLC
Next Green Wave, LLC	California, USA	100%	100%	California license holding company; cannabis cultivation and processing
Planet 13 Illinois, LLC	Illinois, USA	100%	49%	Illinois license holding company; cannabis retail sales
BLC NV Food, LLC	Nevada, USA	100%	100%	Holding company for By The Slice LLC
By The Slice, LLC	Nevada, USA	100%	100%	Restaurant and retail operations
Planet 13 Chicago, LLC	Illinois, USA	100%	100%	Holding company
Planet 13 Florida, Inc.	Florida, USA	0%	100%	Florida license holding company
Planet 13 Real Prop LLC	Florida, USA	100%	N/A	Holding company
Planet 13 Lifestyles LLC	Nevada, USA	100%	0%	Retail sales of apparel and accessories
VidaCann, LLC	Florida, USA	100%	0%	Florida license holding company
Planet 13 Innovations LLC	Nevada, USA	100%	0%	Intellectual property holding company
Estate of Las Palmas LLC	California, USA	100%	N/A	Real estate holdings company
Club One Three, LLC	Nevada, USA	100%	N/A	Inactive

ii) Functional currency

These unaudited condensed consolidated interim financial statements are presented in U.S. Dollars (“USD”), which is the Company’s and its subsidiaries’ functional currency.

Foreign currency transactions are remeasured to the respective financial currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured to functional currency at the foreign exchange rate applicable at the statement of balance sheets date. Non-monetary items are carried at historical rates. Non-monetary items carried at face value denominated in foreign currencies are remeasured to the functional currency at the date when the fair value was determined. Realized and unrealized foreign exchange gains and losses are recognized through profit or loss.

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

iii) Emerging growth company

The Company is an “Emerging Growth Company”, as defined in Section 2(a) of the Securities Act, 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, 2025	December 31, 2024
Raw materials	\$ 9,927,426	\$ 9,768,295
Packaging and miscellaneous	1,830,136	1,949,621
Work in progress	7,149,420	6,406,679
Finished goods	5,618,511	4,697,399
	<u>\$ 24,525,493</u>	<u>\$ 22,821,994</u>

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, 2025, the Company recognized \$15,195,868 and \$31,220,170 (2024 - \$15,251,527 and \$27,644,519) of inventory expensed to cost of goods sold.

4. Prepaid Expenses and Other Current Assets

	June 30, 2025	December 31, 2024
Security deposits	\$ 266,652	\$ 122,839
Advertising and Marketing	57,541	259,113
Prepaid rent	952,205	965,043
Insurance	482,574	414,570
License fees	804,132	1,211,694
Miscellaneous	641,706	1,595,557
	<u>\$ 3,204,810</u>	<u>\$ 4,568,816</u>

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

5. Property, Plant and Equipment

	Land and Improvements	Buildings	Equipment	Leasehold Improvements	Construction in Progress	Total
Gross carrying amount						
At December 31, 2024	\$ 6,065,961	\$ 17,088,552	\$ 17,041,131	\$ 65,353,357	\$ 2,958,787	\$ 108,507,788
Additions	-	11,470	645,499	1,774,838	2,443,577	4,875,384
Transfers	-	-	369,271	2,340,665	(2,709,936)	-
At June 30, 2025	<u>\$ 6,065,961</u>	<u>\$ 17,100,022</u>	<u>\$ 18,055,901</u>	<u>\$ 69,468,860</u>	<u>\$ 2,692,428</u>	<u>\$ 113,383,172</u>
Depreciation						
At December 31, 2024	\$ 28,472	\$ 1,321,972	\$ 10,211,536	\$ 33,434,385	\$ -	\$ 44,996,365
Additions	11,092	381,865	1,288,067	4,602,502	-	6,283,526
At June 30, 2025	<u>\$ 39,564</u>	<u>\$ 1,703,837</u>	<u>\$ 11,499,603</u>	<u>\$ 38,036,887</u>	<u>\$ -</u>	<u>\$ 51,279,891</u>
Carrying amount						
At December 31, 2024	\$ 6,037,489	\$ 15,766,580	\$ 6,829,595	\$ 31,918,972	\$ 2,958,787	\$ 63,511,423
At June 30, 2025	<u>\$ 6,026,397</u>	<u>\$ 15,396,185</u>	<u>\$ 6,556,298</u>	<u>\$ 31,431,973</u>	<u>\$ 2,692,428</u>	<u>\$ 62,103,281</u>

For the six months ended June 30, 2025, depreciation expense was \$6,283,526 (2024 - \$6,249,458) of which \$2,696,807 (2024 - \$2,045,387) was included in cost of goods sold and inventory.

During the six months ended June 30, 2025, \$2,709,936 was transferred from Construction in Progress to the other fixed accounts (2024 - \$1,967,806).

During the six months ended June 30, 2025, no impairment charges were recognized. (2024 - \$2,393,087).

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

6. Intangible Assets and Goodwill

	Retail Dispensary Clark County	Cultivation and Production Clark County	Illinois License	Cultivation Coalinga CA Other Intangibles	Florida MMTC License- VidaCann	VidaCann Goodwill	Other	Total
Gross carrying amount								
Balance, December 31, 2024	\$ 690,000	\$ 709,798	\$ 1,812,656	\$ 5,860,000	\$ 9,000,000	\$ 30,661,477	\$ 30,000	\$ 48,763,931
Additions	-	-	-	-	-	-	-	-
Balance at June 30, 2025	<u>\$ 690,000</u>	<u>\$ 709,798</u>	<u>\$ 1,812,656</u>	<u>\$ 5,860,000</u>	<u>\$ 9,000,000</u>	<u>\$ 30,661,477</u>	<u>\$ 30,000</u>	<u>\$ 48,763,931</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 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 acquired from the Sellers all of the membership interests in VidaCann (the “**Transaction**”).

On May 9, 2024, the Company acquired 100% ownership interest of VidaCann, and accounted for the Transaction as a business combination acquisition pursuant to ASC 805.

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) 80,564,554 shares of common stock of the Company (the “**Base Share Consideration**”), plus 1,307,698 shares with a fair value of \$750,000 that were issued to VidaCann’s industry advisor as acquisition-related costs; (ii) a cash payment of \$4,000,000 (the “**Closing Cash Payment**”); and (iii) promissory notes issued by the Company to the Sellers in the aggregate principal amount of \$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 stock of (CAD\$0.9100) \$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=\$0.7304), the total consideration was valued at \$50,755,443. As contemplated by the Purchase Agreement, VidaCann continued to have \$3 million of bank indebtedness and \$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 had 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 and selected David Loop, the former Chief Executive Officer of VidaCann, as its board nominee.

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

The VidaCann acquisition was deemed to be a business combination under ASC 805. The following table summarizes the allocation of consideration exchanged to the estimated fair value of the tangible and intangible assets acquired:

Consideration paid:

Cash	\$	4,000,000
Issuance of 80,564,554 shares of common stock		42,123,314
Note Payable to Former VidaCann Shareholders		4,632,129
	\$	<u>50,755,443</u>

Fair value of net assets acquired:

Cash	\$	911,715
Inventory		7,375,225
Prepays and other assets		1,869,222
Property, plant and equipment		9,080,072
ROU Assets		21,371,614
Intangible assets		9,000,000
Goodwill		30,661,477
ROU Liabilities		(21,371,614)
Notes Payable		(4,010,582)
Accounts Payable and Accrued Liabilities		(4,131,686)
	\$	<u>50,755,443</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 \$9,000,000. 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 \$0 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, 2025, and \$270,563 for the period ended June 30, 2024.

VidaCann contributed \$17,655,287 in Net Revenue, \$8,294,576 in Gross Profit, and a net loss of \$4,526,463 in Consolidated Comprehensive Net Loss in the six-month period ended June 30, 2025 (\$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).

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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:

	Six Months Ended June 30, 2024		
	As Reported	VidaCann	Pro Forma
Revenue, net of discounts	\$ 53,965,725	\$ 18,181,672	\$ 72,147,397
Gross Profit	26,321,206	6,793,209	33,114,415
Comprehensive Income (loss) for the period	(13,946,915)	95,058	(13,851,857)

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 held no assets other than a Florida medical marijuana treatment center license (the “**MMTC license**”). The value of the MMTC 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 the MMTC license. The impairment loss is reflected in the statement of operations and comprehensive loss of the year ended December 31, 2023 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. Transaction costs incurred for the sale of the license equaled \$762,091.

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.

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The following table provides the components of lease costs recognized in the unaudited interim condensed consolidated statement of operations and comprehensive loss for the three and six-month periods ended June 30, 2025 and 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Operating lease costs	\$ 2,384,247	\$ 1,799,330	\$ 4,691,318	\$ 3,063,515
Short term lease expense	117,607	69,038	228,900	81,588
Total lease costs	\$ 2,501,854	\$ 1,868,368	\$ 4,920,218	\$ 3,145,103

Other information related to operating and finance leases as of and for the six months ended June 30, 2025 and 2024 is as follows:

	June 30, 2025	June 30, 2024
	Operating Lease	Operating Lease
Weighted average discount rate	15.00%	15.00%
Weighted average remaining lease term	7.26	8.32

The maturities of the contractual undiscounted lease liabilities as of June 30, 2025 and December 31, 2024 are:

	June 30, 2025	Dec 31, 2024
	Operating Lease	Operating Lease
2025	\$ 4,439,465	\$ 8,682,145
2026	8,941,527	8,750,185
2027	8,982,512	8,805,324
2028	9,044,542	8,934,274
2029	8,959,391	8,858,495
2030	8,166,105	8,109,104
2031	8,168,657	-
Thereafter	59,792,884	67,931,257
Total undiscounted lease liabilities	116,495,083	120,070,784
Interest on lease liabilities	(68,427,217)	(71,803,530)
Total present value of minimum lease payments	48,067,866	48,267,254
Lease liability - current portion	(2,085,595)	(1,818,588)
Lease liability	\$ 45,982,271	\$ 46,448,666

Principally all leases relate to real estate.

For the three and six months ended June 30, 2025, the Company incurred \$2,384,247 and \$4,691,318 of operating lease costs (2024 - \$1,799,330 and \$3,063,515), of which \$1,016,522 and \$2,033,044 (2024 - \$753,719 and \$1,242,958) was allocated to cost of goods sold and inventory.

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

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8. Notes Payable

	June 30, 2025	December 31, 2024	Stated Interest Rate	Effective Interest Rate	Maturity Date
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	5.0%	5.0%	12/1/2019
Promissory Note to Former VidaCann shareholders	-	4,869,695	5.0% ⁽¹⁾	15.0%	4/1/2025
Promissory Note to La Fayette State Bank	-	2,927,989	10.0% ⁽²⁾	15.0%	2/20/2025
Promissory Note to VidaCann former managers	1,204,965	1,177,722	7.5% ⁽³⁾	15.0%	5/6/2029
Revolving Line of Credit, cash secured with monthly interest paid at an annual rate of 5.65%	9,750,000	-	5.65% ⁽⁴⁾	5.65%	6/30/2026
	\$ 11,838,965	\$ 9,859,406			
Less current portion	(10,634,000)	(8,681,684)			
	\$ 1,204,965	\$ 1,177,722			

Stated maturities of debt obligations are as follows:

2025	\$ -	\$ 8,681,684
2026	10,634,000	-
2027	-	-
2028	-	-
2029	1,204,965	1,177,722
2030	-	-
Total	\$ 11,838,965	\$ 9,859,406

(1) The Promissory note to former VidaCann shareholders had a face value of \$5,000,000. The Company determined a fair value of \$4,632,129 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including accrued interest and amortization of the note discount for the six-month period ended June 30, 2025 equaled \$213,182 (2024 - \$0).

(2) The Promissory note to Lafayette State Bank had a face value of \$2,947,632. The Company determined a fair value of \$2,862,159 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including paid interest and amortization of the note discount for the six-month period ended June 30, 2025 equaled \$84,327 (2024 - \$25,462). This note was paid in full on February 11, 2025.

(3) The Promissory note to VidaCann former managers had a face value of \$1,500,000. The Company determined a fair value of \$1,148,423 at the May 9, 2024 acquisition date using a 15% estimated borrowing rate. Total interest expense including paid interest and amortization of the note discount for the six-month period ended June 30, 2025 equaled \$83,339 (2024 - \$12,637).

(4) The Company entered into a cash secured line of credit up to \$9,750,000, effective June 13, 2024, with no other collateral securing the credit line (the "revolving line of credit"). The revolving line of credit contains no financial, or other incurrence-based covenants or no material maintenance covenants. The revolving line of credit balance at June 30, 2025 equaled \$9,750,000 (2024 - \$0). Total interest expense for the Six-month period ended June 30, 2025 equaled \$152,935 (2024 - \$0).

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, 2025	December 31, 2024
Common Stock		
Balance at January 1	325,163,800	223,317,270
Shares issued on settlement of RSUs	i. 200,000	1,224,278
Shares issued on public offering	ii. -	18,750,000
Shares issued in VidaCann Acquisition	iii. -	80,564,554
Finders shares issued on VidaCann acquisition	iv. -	1,307,698
Total shares of common stock outstanding	325,363,800	325,163,800

i. Shares issued for Restricted Share Units

During the six months ended June 30, 2025, 14,080,635 restricted stock units ("**RSU**") were awarded under the Planet 13 Holdings Inc 2023 Equity incentive plan (as amended from time to time, the "**2023 Equity Plan**"). 200,000 of these RSUs vested and 255,220 RSUs were forfeited and cancelled. The Company did not receive any cash proceeds on the settlement of the RSUs.

During the year ended December 31, 2024, 485,185 RSUs were awarded under the 2023 Equity 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.

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ii. 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 \$11.3 million.

iii. Shares issued on VidaCann acquisition

On May 9, 2024, the Company issued 80,564,554 shares of common stock of Planet 13 (the “Share Consideration”).

iv. Finders shares issued on VidaCann acquisition

On May 9, 2024, the Company issued 1,307,698 shares of common stock of Planet 13 in finders shares related to the VidaCann acquisition.

10. Warrants

The following table summarizes the number of warrants outstanding at June 30, 2025 and December 31, 2024.

	June 30, 2025	Weighted Average Exercise Price - USD	December 31, 2024	Weighted Average Exercise Price - USD
Balance - beginning of period	18,750,000	\$ 0.77	-	\$ -
Exercised	-	\$ -	-	\$ -
Issued	-	\$ -	18,750,000	\$ 0.77
Expired	-	\$ -	-	\$ -
Balance - end of period	18,750,000	\$ 0.77	18,750,000	\$ 0.77

On March 7, 2024, the Company issued and sold 18,750,000 Units at a public offering price of \$0.60 per unit. Each Unit consisted of one share of Common Stock and one Warrant. Each 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 \$0.77, subject to adjustments in certain events. The warrants expire on March 7, 2029.

11. Share Based Compensation

At the 2023 Annual General and Special Meeting, the shareholders of Planet 13 voted to approve and adopt the 2023 Equity Plan, which was contingent upon the completion of the Company's 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, 2025, after taking into account the 14,080,635 RSUs granted in the six month period ended June 30, 2025, a maximum number of 5,507,319 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, 2025 and the year ended December 31, 2024

No incentive stock options were granted during the three and six months ended June 30, 2025 or the year ended December 31, 2024.

The following table summarizes information about stock options outstanding at June 30, 2025:

<u>Expiry Date</u>	<u>Exercise price CAD\$</u>	<u>June 30, 2025 Outstanding</u>	<u>June 30, 2025 Exercisable</u>	<u>December 31, 2024 Outstanding</u>	<u>December 31, 2024 Exercisable</u>
February 27, 2025	\$ 1.31	-	-	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>366,397</u>	<u>366,397</u>	<u>417,922</u>	<u>417,922</u>

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

	June 30, 2025	Weighted Average Exercise Price - CAD	December 31, 2024	Weighted Average Exercise Price - CAD
Balance - beginning of period	417,922	\$ 3.15	603,125	\$ 2.58
Expired	(51,525)	1.31	(185,203)	1.31
Balance - end of period	<u>366,397</u>	<u>\$ 3.41</u>	<u>417,922</u>	<u>\$ 3.15</u>

Share based compensation expense attributable to employee options was \$0 and \$0 for the six months ended June 30, 2025 and 2024, respectively.

The total intrinsic value of stock options exercised, outstanding and exercisable as of June 30, 2025 and December 31, 2024 was \$0, \$0 and \$0, respectively.

(a) Restricted Share Units

The following table summarizes the RSUs that are outstanding as at June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Balance - beginning of period	300,000	1,122,429
Issued	14,080,635	485,185
Exercised	(200,000)	(1,224,278)
Surrendered for taxes	-	(83,333)
Forfeited	(255,220)	-
Rounding adjustment	-	(3)
Balance - end of period	<u>13,925,415</u>	<u>300,000</u>

The Company recognized \$60,331 and \$557,627 in share-based compensation expense attributable to the RSU vesting schedule for the three and six months ended June 30, 2025 (\$25,139 and \$129,477 for the three and six months ended June 30, 2024).

During the six months ended June 30, 2025

14,080,635 RSU's were granted, 200,000 RSUs vested and were exercised, 255,220 RSUs were forfeited and cancelled. The Company did not receive any cash proceeds from the settlement of the RSUs.

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.

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12. Loss Per Share

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Loss available to common stockholders	\$ (13,301,242)	\$ (8,073,146)	\$ (15,348,409)	\$ (13,946,915)
Weighted average number of shares outstanding, basic and diluted	325,362,689	289,175,997	325,311,866	258,806,771
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.05)	\$ (0.05)

33,041,812 and 19,653,125 potentially dilutive securities for the three and six months ended June 30, 2025 and 2024, 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, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries and wages	\$ 5,360,929	\$ 5,087,103	\$ 11,239,533	\$ 8,752,345
Share based compensation	\$ 497,296	25,139	557,627	129,477
Executive compensation	\$ 988,723	671,876	2,088,663	1,304,238
Licenses and permits	\$ 644,582	590,784	1,346,618	1,152,400
Payroll taxes and benefits	\$ 1,196,604	993,755	2,584,093	1,967,030
Supplies and office expenses	\$ 206,544	99,117	536,141	339,937
Subcontractors	\$ 562,969	64,823	1,198,029	182,042
Professional fees (legal, audit and other)	\$ 1,716,957	2,692,175	2,980,463	4,863,214
Miscellaneous general and administrative expenses	\$ 2,466,431	2,052,936	5,126,556	3,611,812
	\$ 13,641,035	\$ 12,277,708	\$ 27,657,723	\$ 22,302,495

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14. Supplemental Cash Flow Information

	Six Months Ended	
	June 30, 2025	June 30, 2024
Change in Working Capital		
Accounts Receivable	\$ (122,345)	\$ 118,882
Inventory	(1,703,499)	(42,069)
Prepaid Expenses and Other Assets	1,364,006	1,697,031
Long-term Deposits and Other Current Assets	(47,331)	52,885
Deferred Tax Assets	(630,843)	(41,581)
Deferred Tax Liabilities	(293,775)	174,139
Accounts Payable	(366,639)	(914,548)
Accrued Expenses	405,428	96,454
Other Liabilities (LT)	1,080	-
Uncertain Tax Positions	7,580,763	-
Income Taxes Payable	19,600	6,589,916
	<u>\$ 6,206,445</u>	<u>\$ 7,731,109</u>
Cash Paid		
Interest Paid on Leases	\$ 3,594,715	\$ 2,250,057
Income Taxes	\$ -	\$ -
Non-cash Financing and Investing Activities		
Shares Issued on Exercise of Purchase Option	\$ -	\$ -
Lease additions	\$ 570,942	\$ 22,097,020
Fixed Asset Amounts in Accounts Payable	\$ 226,731	\$ 69,197
Reclassification of long term lease liabilities to current	\$ 267,007	\$ 1,015,985

15. Related Party Transactions and Balances

Related party transactions are summarized as follows:

(a) Building Lease

As part of the VidaCann acquisition on May 9, 2024, the Company entered into a long-term lease agreement with Loop's Nursery for a property in St John's Florida that is used as the Company's primary cultivation facility in Florida. Loop's Nursery is primarily owned by David Loop, one of the Company's board members. Payments for rent and associated costs related to the use of this property for the six months ended June 30, 2025 equaled \$1,802,824 (six months ended June 30, 2024 - \$379,679).

(b) Other

As part of the VidaCann acquisition on May 9, 2024, the Company acquired related party notes payable to David Loop, one of the Company's board members and Mark Ascik, in the amounts of \$750,000 each (see Note 8). Payments for interest on the related party notes for the six months ended June 30, 2025 totaled \$56,096 combined (six months ended June 30, 2024 - \$8,630).

Effective March 1, 2025, the Company entered into a 30 month lease agreement with PRMN Investments Ltd for a Florida apartment unit used primarily for executive travel in Florida for oversight of Florida operations. PRMN Investments Ltd is primarily owned by

Robert Groesbeck, the Company's Co-CEO. Payments for rent and associated costs related to the use of this property for the six months ended June 30, 2025 equaled \$22,288 (six months ended June 30, 2024 - \$nil).

For the six-month period ended June 30, 2025, no amounts were due to related parties (December 31, 2024 - \$nil).

16. Commitments and Contingencies

(a) Construction Commitments

The Company had \$1,239,341 of outstanding construction commitments as of June 30, 2025 (December 31, 2024 - \$786,490).

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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, 2025, 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, we may become involved in legal or regulatory proceedings, lawsuits and other claims arising in the ordinary course of our business. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state what the eventual outcome of such matters will be. However, based on our knowledge, as of June 30, 2025, we are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

(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 further limits credit risk to a maximum of \$500,000 to any individual counterparty at a given time. Total maximum credit risk for all counterparties combined is estimated at \$1,500,000.

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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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, 2025, 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 cannabis industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leave the Company's cash holdings vulnerable.

Asset forfeiture risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

Currency rate risk

As of June 30, 2025, none of the Company's financial assets and liabilities were held in Canadian dollars. The same was true as of June 30, 2024. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The Company's exposure to a 10% change in the foreign exchange conversion rate at June 30, 2025 equals \$nil.

18. Disaggregated Revenue

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

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Retail	\$ 24,197,835	\$ 27,623,721	\$ 48,827,636	\$ 46,661,385
Wholesale	2,656,526	3,464,533	6,058,532	7,304,340
Net revenues	<u>\$ 26,854,361</u>	<u>\$ 31,088,254</u>	<u>\$ 54,886,168</u>	<u>\$ 53,965,725</u>

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19. Potential Acquisition

On July 31, 2024, the Company announced that its wholly-owned subsidiary, MM Development Company Inc., entered into an asset purchase agreement to acquire all assets required to operate a 3,158 square foot dispensary located in Las Vegas, Nevada, including fixtures, cannabis and non-cannabis inventory and other items contained within the proposed building and a medical and recreational license from Exhale Brands Nevada LLC (“**Exhale**”). Planet 13 agreed to pay \$6.9 million plus the value of the cannabis inventory on closing. The payment was to be comprised of \$4.0 million in cash payable at time of closing and \$2.9 million (plus the value of the cannabis inventory at closing) payable in the form of a secured promissory note due a year from closing and secured by the assets being acquired. The Company notified Exhale of the termination of the agreement in January 2025 and does not expect the acquisition to move forward.

20. Property Recovered in Settlement

On March 3, 2025 the Company announced significant recovery of funds related to El Capitan, including a settlement and recovery of \$2.1 million of funds which were held at Bridge Bank, a division of Western Alliance Bank (collectively "WAB"), bringing the total recovery of funds held at WAB to \$5.5 million. Additionally, the Company, through a wholly-owned subsidiary, will also obtain real estate (the "Real Property") valued at approximately \$5.0 million based on recent comparable sales, which it intends to sell. The property is included in Assets Held For Sale on the Interim Condensed Consolidated Balance Sheet at June 30, 2025 at a net value (after estimated costs to sell) of \$4.6 million. The recovery amount is also included in the Interim Condensed Consolidated Statements of Operations and Comprehensive Loss for the six months ended June 30, 2025 in Other income, net and also in the Interim Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2025 in Adjustments for items not involving cash, Recovery of property in legal settlement.

21. Subsequent Events

On July 15, 2025, the Company closed on the sale of the Santa Barbara property recovered in the El Capitan settlement. The selling price of the property was \$4.3M, with net proceeds after closing costs totaling \$4.1M. The Company will incur a \$502k loss on the sale of the property in the third quarter of 2025.

On July 24, 2025, the Company renewed its revolving line of credit agreement for \$9,750,000 that was set to expire on July 1, 2025, extending the term of the agreement to June 30, 2026. The overall terms remained the same as the original agreement, which was signed on June 13, 2024.