planet13 HOLDINGS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021, AND 2020

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.

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Planet 13 Holdings Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of unaudited condensed interim consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on August 26, 2021, and were signed on behalf of Management by:

"Larry Scheffler"
Larry Scheffler, Co-CEO

"Robert Groesbeck"
Robert Groesbeck, Co-CEO

"Dennis Logan"
Dennis Logan, CFO

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in United States Dollars	As at June 30, 2021	As at December 31, 2020
Assets		
Current Assets		
Cash	$ 136,286,828	$ 79,000,850
HST receivable	231,264	103,445
Inventories (Note 5)	12,131,141	7,334,717
Biological assets (Note 6)	1,190,850	640,995
Prepaid expenses and other current assets (Note 10)	6,285,345	2,637,547
Total Current Assets	**156,125,428**	**89,717,554**
Property and equipment (Note 7)	41,525,657	32,073,925
Licenses (Note 8)	7,007,362	7,007,362
Right of use assets (Note 9)	20,504,567	20,149,721
Long-term deposits and other assets	1,066,819	1,054,443
	70,104,405	**60,285,451**
Total Assets	**$ 226,229,833**	**$ 150,003,005**
Liabilities		
Current Liabilities		
Accounts payable	$ 6,096,681	$ 1,683,833
Accrued expenses	7,024,381	2,844,714
Income taxes payable	-	1,220,652
Notes payable - current portion (Note 11)	884,000	884,000
Long -term lease liabilities current portion (Note 12)	54,542	-
Total Current Liabilities	**14,059,604**	**6,633,199**
Long -term lease liabilities net of current portion (Note 12)	23,226,086	22,326,077
Other long-term liabilities	28,000	28,000
Deferred tax liability	279,995	313,422
	23,534,081	**22,667,499**
Total Liabilities	**37,593,685**	**29,300,698**
Shareholders' Equity		
Share capital (Note 13)	201,023,272	139,177,034
Restricted share units (Note 13)	7,081,682	3,262,351
Warrants (Note 13)	11,486,105	6,972,053
Option reserve (Note 13)	206,392	276,081
Accumulated other comprehensive loss	1,320,869	(479,122)
Deficit	(32,482,172)	(28,506,090)
Total Shareholders' Equity	**188,636,148**	**120,702,307**
Total Liabilities and Shareholders' Equity	**$ 226,229,833**	**$ 150,003,005**

Nature of operations (Note 1)
Commitment and Contingencies (Note 15)
Subsequent events (Note 20)

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors and were signed on its behalf by:

"Michael Harman"
Michael Harman, Director

"Adrienne O'Neal"
Adrienne O'Neal, Director

--The accompanying notes form an integral part of the unaudited condensed interim consolidated financial statements--

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Expressed in United States Dollars	Three months Ended June 30, 2021	Three months Ended June 30, 2020	Six months Ended June 30, 2021	Six months Ended June 30, 2020
Revenue				
Revenues, net of discounts	$ 32,843,588	$ 10,760,996	$ 56,659,796	$ 27,553,998
Cost of Goods Sold	(14,149,025)	(6,051,963)	(25,155,555)	(13,798,885)
Gross Profit before fair value asset adjustment	**18,694,563**	**4,709,033**	**31,504,241**	**13,755,113**
Realized fair value amounts included in inventory sold	47,052	(327,997)	(241,424)	(521,193)
Unrealized fair value gain on growth of biological assets	(419,444)	372,353	235,778	799,968
Gross Profit	**18,322,171**	**4,753,389**	**31,498,595**	**14,033,888**
Expenses				
General and Administrative (Note 14)	10,927,038	5,559,623	18,700,617	11,082,137
Sales and Marketing	1,543,406	246,353	2,203,355	1,692,961
Depreciation and Amortization (Note 7 & 9)	1,096,897	1,040,065	2,180,019	2,027,073
Share-Based Compensation Expense (Note 13 and Note 17)	5,393,748	626,017	5,597,721	1,436,840
Total Expenses	**18,961,089**	**7,472,058**	**28,681,712**	**16,239,011**
Income From Operations	**(638,918)**	**(2,718,669)**	**2,816,883**	**(2,205,123)**
Other Expense:				
Interest expense, net	481,578	572,265	952,441	853,262
Realized foreign exchange gain	(145,556)	-	(145,556)	-
Other income	(123,527)	(4,111)	(186,424)	(76,059)
Total Other Expense	**212,495**	**568,154**	**620,461**	**777,203**
Income before income taxes	**(851,413)**	**(3,286,823)**	**2,196,422**	**(2,982,326)**
Provision for tax - current	3,709,674	866,710	6,205,931	2,720,092
Provision for tax - deferred	(142,242)	(165,438)	(33,427)	(305,261)
Income (loss) for the period	**$ (4,418,845)**	**$ (3,988,095)**	**$ (3,976,082)**	**$ (5,397,157)**
Other Comprehensive Income				
Foreign exchange translation gain	970,356	(83,699)	1,799,991	(52,630)
Net Comprehensive Income (Loss) for the period	**$ (3,448,489)**	**$ (4,071,794)**	**$ (2,176,091)**	**$ (5,449,787)**
Net income (loss) per share for the period				
Basic and diluted income (loss) per share (Note 16)	**($0.02)**	**($0.03)**	**($0.02)**	**($0.04)**
Weighted Average Number of Common Shares Outstanding				
Basic and diluted	196,292,786	143,947,783	193,550,424	137,845,886

--The accompanying notes form an integral part of the unaudited condensed interim consolidated financial statements--

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in United States Dollars	Number of shares outstanding	Common Share Capital	Class A Restricted Shares	Restricted Share Units	Warrants	Option Reserve	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
Balance at January 1, 2020	137,660,559	**$ 46,367,730**	**$ 5,619,119**	**$ 4,119,485**	**$ 5,961,091**	**$ 399,439**	**$ (607,707)**	**$ (20,564,565)**	**$ 41,294,592**
Shares issued for acquisition	-	-	-	-	-	-	-	-	-
Shares issued on conversion from Restricted Shares to Common	-	-	-	-	-	-	-	-	-
Shares issued on acquisition	3,940,932	-	4,453,831	-	-	-	-	-	4,453,831
Shares issued on exercise of RSUs	1,017,153	2,112,699	-	(2,112,699)	-	-	-	-	-
Share based compensation - RSUs	-	-	-	1,390,949	-	-	-	-	1,390,949
Shares issued on exercise of warrants	8,912,588	10,705,151	-	-	(1,593,118)	-	-	-	9,112,033
Shares issued on exercise of options	108,334	152,682	-	-	-	(69,652)	-	-	83,030
Share based compensation - options	-	-	-	-	-	45,891	-	-	45,891
Cumulative foreign exchange gain	-	-	-	-	-	-	(52,630)	-	(52,630)
Net loss for the period	-	-	-	-	-	-	-	(5,397,157)	(5,397,157)
Balance June 30, 2020	**151,639,566**	**59,338,262**	**10,072,950**	**3,397,735**	**4,367,973**	**375,678**	**(660,337)**	**(25,961,722)**	**50,930,539**
Shares issued on conversion from Restricted Shares to Common	-	4,453,831	(4,453,831)	-	-	-	-	-	-
Shares issued on acquisition	1,374,833	2,918,277		-					2,918,277
Shares issued on exercise of RSUs	1,668,191	1,200,453	-	(1,200,453)	-	-	-	-	-
Share based compensation - RSUs	-	-	-	1,065,069	-	-	-	-	1,065,069
Shares issued on exercise of warrants	8,619,683	30,337,026	-	-	(6,795,610)	-	-	-	23,541,416
Shares issued on exercise of options	224,667	245,216	-	-	-	(110,256)	-	-	134,960
Share based compensation - options	-	-	-	-	-	10,659	-	-	10,659
Shares issued on bought deal financings - net	18,279,250	35,064,850	-	-	9,399,690				44,464,540
Cumulative foreign exchange gain	-	-	-	-	-	-	181,215	-	181,215
Net loss for the period	-	-	-	-	-	-	-	(2,544,368)	(2,544,368)
Balance December 31, 2020	**181,806,190**	**133,557,915**	**5,619,119**	**3,262,351**	**6,972,053**	**276,081**	**(479,122)**	**(28,506,090)**	**120,702,307**
Balance at January 1, 2021	**181,806,190**	**$ 133,557,915**	**$ 5,619,119**	**$ 3,262,351**	**$ 6,972,053**	**$ 276,081**	**$ (479,122)**	**$ (28,506,090)**	**$ 120,702,307**
Shares issued on conversion from Restricted Shares to Common	-	5,619,119	(5,619,119)	-	-	-	-	-	-
Shares issued on exercise of RSUs	855,858	1,775,286	-	(1,775,286)	-	-	-	-	-
Share based compensation - RSUs	-	-	-	5,594,617	-	-	-	-	5,594,617
Shares issued on exercise of warrants	3,758,940	17,837,843	-	-	(3,761,366)	-	-	-	14,076,477
Share issuance on exercise of options	109,669	151,995	-	-	-	(72,793)	-	-	79,202
Share based compensation - options	-	-	-	-	-	3,104	-	-	3,104
Shares issued on bought deal financings - net	9,861,250	42,081,114	-	-	8,275,418	-	-	-	50,356,532
Cumulative foreign exchange gain	-	-	-	-	-	-	1,799,991	-	1,799,991
Net income for the period	-	-	-	-	-	-	-	(3,976,082)	(3,976,082)
Balance June 30, 2021	**196,391,907**	**$ 201,023,272**	**-**	**$ 7,081,682**	**$ 11,486,105**	**$ 206,392**	**$ 1,320,869**	**$ (32,482,172)**	**$ 188,636,148**

--The accompanying notes form an integral part of the unaudited condensed interim consolidated financial statements--

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in United States Dollars	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating activities		
Net loss for the period	$ (3,976,082)	$ (5,397,157)
Add (deduct) non-cash items:		
Share based payments (Note 13 and 17)	5,597,721	1,436,840
Depreciation and amortization (Note 7 and 9)	3,331,902	2,846,655
Deferred tax liability	(33,427)	(408,444)
Other assets	(12,376)	(494,717)
Non-cash accretion of lease liabilities (Note 12)	735,833	-
Non-cash interest expense on ROU Liabilities (Note 12)	952,441	1,075,663
Net change in non-cash working capital		
HST receivable	(131,315)	(93,648)
Inventories (Note 5)	(4,796,424)	(301,629)
Biological assets (Note 6)	(549,855)	(185,324)
Prepaid expenses and other assets (Note 10)	(3,736,947)	1,970,664
Accounts payable	3,694,807	1,652,038
Accrued expenses	4,179,668	300,756
Income tax payable	(1,220,652)	2,823,275
Cash flow provided by operating activities	**4,035,294**	**5,224,972**
Investing activities		
Purchase of property and equipment (Note 7)	(11,486,978)	(2,352,575)
Purchase of licenses (Note 8)	-	(1,153,407)
Cash flow used in investing activities	**(11,486,978)**	**(3,505,982)**
Financing activities		
Issuance of shares on warrant and option exercises (Note 13)	14,155,679	9,195,063
Issuance of shares and warrants on financings (Note 13)	50,356,532	-
Payment on lease liabilities (Note 12)	(1,610,271)	(951,311)
Cash flow provided by financing activities	**62,901,940**	**8,243,752**
Net increase in cash	**55,450,256**	**9,962,742**
Cash at beginning of the period	79,000,850	12,814,712
Effect of foreign exchange on cash	1,835,722	(52,630)
Cash at end of the period	**$ 136,286,828**	**$ 22,724,824**

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in United States Dollars	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Supplemental Disclosure of Cash Flow		
Cash paid during the period for:		
Interest on ROU liabilities	$ 1,554,758	$ 863,342
Income taxes	$ 8,131,307	$ -
Non-cash activities		
Carrying value of warrants exercised	$ 3,761,366	$ 1,593,118
Carrying value of RSUs exercised	$ 1,775,286	$ 2,112,699
Carrying value of options exercised	$ 72,793	$ 69,652
Licenses and intangible assets	$ -	$ 4,453,831
Construction in progress in accounts payable	$ 774,954	$ -
Lease liabilities	$ 954,551	$ 4,413,615

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 Corporations Act on September 24, 2019. The Company is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with six licenses for cultivation (three medical and three recreational), six licenses for production (three medical and three recreational), and three dispensary licenses (one medical license and two recreational licenses). In addition, the Company holds one recreational dispensary licence in the city of Santa Ana, California.

P13 is a public company which is listed on the Canadian Securities Exchange under the symbol "PLTH" and the OTCQX exchange under the symbol "PLNHF".

The Company's registered office is located at 240 Richmond Street West, Toronto, ON M5V 1V6 and the head office address is 2548 West Desert Inn. Rd, Las Vegas, NV 89109.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020 the Company's operations in Nevada were mandated as an essential service but were restricted to delivery only, with no curb-side pickup or in-store sales permitted until such delivery-only order was lifted on May 30, 2020. The Company's operating results were not materially impacted during the first quarter of 2021. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

The Company is subject to risks common in the life sciences and consumer products industries including, but not limited to, compliance with government regulations, regulatory approvals, competitive markets, new technological innovations, protection of proprietary technology, dependence on key personnel, uncertainty of market acceptance and the need to obtain additional financing.

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 by statute 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.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the going concern assumption, 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. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months.

1) Nature of operations (continued)

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 condensed interim 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.

2) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2020. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements. These unaudited condensed interim consolidated financial statements are presented in U.S. dollars. The Canadian dollar serves as the functional currency of the Parent company. The Company's subsidiaries all have the U.S. dollar as their functional currency.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020.

The unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 26, 2021.

(a) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value, and biological assets that are measured at fair value less costs to sell, as described herein.

(b) Principles of Consolidation

These unaudited condensed interim consolidated financial statements include the financial position, results of operations and cash flows of the Company and its subsidiaries. The Company's subsidiaries as at June 30, 2021, are as follows:

Expressed in United States Dollars, unless otherwise indicated

2) Statement of compliance (continued)

Subsidiary	Country of Incorporation	Economic Interest	Nature of Business
MM Development Company, Inc. ("MMDC")	USA	100%	Vertically integrated Cannabis Operations
BLC Management Company LLC. ("BLC")	USA	100%	Management Company
LBC CBD LLC. ("LBC")	USA	100%	CBD Retail Sales and Marketing
Newtonian Principles Inc.	USA	100%	Cannabis Retail Sales
MM Development MI, Inc.	USA	100%	Holding Company
MM Development CA, Inc.	USA	100%	Holding Company
Planet 13 Illinois, LLC	USA	49%	Holding Company
BLC NV Food, LLC	USA	100%	Food Retailing
By The Slice, LLC	USA	100%	Food Retailing

Subsidiaries - Subsidiaries are entities over which the Company has control, whereby control is defined as the power to direct activities of an entity that significantly affect the entity's returns so as to obtain benefit from its activities. Control is presumed to exist where the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date at which control ceases.

All intercompany transactions between the Company and its subsidiaries are eliminated upon consolidation.

3) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021, are consistent with those applied and disclosed in note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2020.

Expressed in United States Dollars, unless otherwise indicated

4) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's financial instruments include cash, accounts payable, accrued expenses and notes payable. The carrying value of cash is carried at fair value. Accounts payable and accrued expenses and notes payable approximate their fair value due to their short-term nature.

The following table summarizes the Company's financial instruments on June 30, 2021:

	June 30, 2021		December 31, 2020	
Amortized cost	**Fair Value**	**Carrying value**	**Fair Value**	**Carrying value**
Financial Assets:				
Cash	$ 136,286,828	$ 136,286,828	$ 79,000,850	$ 79,000,850
Financial Liabilities				
Accounts Payable	$ 6,096,681	$ 6,096,681	$ 1,683,833	$ 1,683,833
Accrued expenses	7,024,381	7,024,381	2,844,714	2,844,714
Notes payable - current	884,000	884,000	884,000	884,000
Total	$ 14,005,062	$ 14,005,062	$ 5,412,547	$ 5,412,547

b) 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.

c) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk, as the Company's notes payable have fixed interest rates.

d) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company operates in Canada and the United States and incurs certain expenditures and obtains financing in both CAD and USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities

Expressed in United States Dollars, unless otherwise indicated

4) Financial instruments and risk management (continued)

denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's risk management policy is to review its exposure to non-CAD and non-USD forecasted operating costs on a case-by-case basis. The majority of the Company's forecasted operating costs are in USD and CAD. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of CAD financial assets and liabilities in USD as at June 30, 2021, is as follows:

US Dollar amounts of foreign currency assets and liabilities

	Assets	Liabilities
Canadian Dollars	$2,568,692	$166,207

Based on the financial instruments held as at June 30, 2021, the Company's other comprehensive income would have changed by approximately $218,408 had the US dollar shifted by 10% as a result of foreign exchange effect on translation of non-US dollar denominated financial instruments.

At , 2021, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

e) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations. The Company has the following contractual obligations:

As at June 30, 2021

	<1 Year	1 to 5 Years	Thereafter	Total
Accounts Payable	$ 6,096,681	$ -	$ -	$ 6,096,681
Accrued expenses	$ 7,024,381	$ -	$ -	$ 7,024,381
Income taxes payable	$ -	$ -	$ -	$ -
Notes Payable	$ 884,000	$ -	$ -	$ 884,000
Lease liabilities	$ 3,543,797	$ 15,397,242	$ 47,995,795	$ 66,936,834

f) Pricing risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 6 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

g) Concentration risk

The Company operates in California and Nevada. Should economic conditions deteriorate within these regions, its results of operations and financial position would be negatively impacted.

h) 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 marijuana 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 for 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

Expressed in United States Dollars, unless otherwise indicated

4) Financial instruments and risk management (continued)

sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

i) 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.

5) Inventories

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 production of finished goods. The Company's inventories are comprised of:

	June 30, 2021	December 31, 2020
Raw Material		
Harvested Cannabis	$ 988,536	$ 1,291,905
Packaging and miscellaneous	926,424	566,157
Total Raw Material	1,914,960	1,858,062
Work in Process	2,620,879	2,115,752
Finished Goods	7,595,302	3,360,903
Total Inventories	$ 12,131,141	$ 7,334,717

During the three months ended June 30, 2021, the Company recognized $14,149,025 (2020 - $6,051,963) of inventory expensed to cost of goods sold. During the six months ended June 30, 2021, the Company recognized $25,155,555 (2020 - $13,798,885) of inventory expensed to cost of goods sold.

6) Biological Assets

Biological assets consist of cannabis plants. The changes in the carrying value of biological assets are shown below:

	June 30, 2021	December 31, 2020
Beginning balance	$ 640,995	$ 514,526
Biological assets acquired	-	326,592
Production costs capitalized	3,402,797	4,733,966
Net change in fair value less costs to sell due to biological transformation	222,227	2,276,141
Transferred to inventory upon harvest	(3,075,169)	(7,210,230)
Ending balance	$ 1,190,850	$ 640,995

Expressed in United States Dollars, unless otherwise indicated

6) Biological Assets (continued)

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less cost to sell. This model also considers the progress in the plant life cycle.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors which could significantly affect the fair value of biological assets in future periods, were used by management as part of this model:

- Growth cycle - the average number of weeks in the growing cycle is 110 days from propagation to harvest for both the three and six months ended June 30, 2021, and 2020;
- Stage of growth – represents the weighted average number of days out of the 110-day growing cycle that biological assets have reached as at the measurement date;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant. The average harvest yield of whole flower used is 127 grams per plant for 2021 (2020 – 143 grams);
- Survival rate – the estimated survival rate of cannabis plants as they move from one stage of growth to the next (from germination to vegetative to flowering) based on the Company's historical results. As plants mature at each stage, their survival rate increases;
- Price – the average price used of $4.63 per gram in 2021 (six months ended June 30, 2020, - $5.29 per gram) derived from the average selling price of wholesale cannabis as published by the Nevada Department of Taxation for the periods presented;
- Post harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants after harvest, consisting of the cost of direct and indirect materials and labor related to labelling and packaging.

The following quantifies each unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the reported fair value of biological assets:

			10% change as at	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Stage of growth	38.90%	35.10%	$ 122,125	$ 73,613
Yield by plant	127 grams	143 grams	313,645	209,769
Survival rate	77.40%	83.50%	242,798	175,161
Wholesale Selling price	$4.63	$5.29	119,085	69,985

Expressed in United States Dollars, unless otherwise indicated

7) Property and Equipment

	Land and Land Improvements	Buildings and Structures	Equipment	Leasehold Improvements	Construction in Progress	Total Capital Assets
Cost						
At December 31, 2019	$ 625,146	$ 1,698,077	$ 4,075,085	$27,094,559	$ 1,778,283	$ 35,271,150
Additions	-	9,817	2,096,736	2,110,612	3,174,371	7,391,536
Transfers & disposals	-	-	65,435	1,242,871	(1,585,399)	(277,093)
At December 31, 2020	625,146	1,707,894	6,237,256	30,448,042	3,367,255	42,385,593
Additions	-	-	867,595	398,981	11,173,282	12,439,858
Transfers & disposals	-	-	(116,758)	176,109	(233,789)	(174,438)
At June 30, 2021	$ 625,146	$ 1,707,894	$ 6,988,093	$31,023,132	$ 14,306,748	$ 54,651,013
Accumulated Depreciation						
At December 31, 2019	$ 76,737	$ 161,258	$ 1,242,945	$ 3,579,056	$ -	$ 5,059,996
Additions	51,194	42,492	1,034,935	4,141,006	-	5,269,627
Transfers & disposals	-	-	(17,955)	-	-	(17,955)
At December 31, 2020	127,931	203,750	2,259,925	7,720,062	-	10,311,668
Additions	25,597	21,349	590,727	2,189,573	-	2,827,246
Transfers & disposals	-	-	(1,197)	(12,361)	-	(13,558)
At June 30, 2021	$ 153,528	$ 225,099	$ 2,849,455	$ 9,897,274	$ -	$ 13,125,356
Net book value						
At December 31, 2020	$ 497,215	$ 1,504,144	$ 3,977,331	$22,727,980	$ 3,367,255	$ 32,073,925
At June 30, 2021	**$ 471,618**	**$ 1,482,795**	**$ 4,138,638**	**$21,125,858**	**$ 14,306,748**	**$ 41,525,657**

As of June 30, 2021, costs related to the construction of facilities were capitalized as construction in progress and not depreciated. Depreciation will commence when construction is completed, and the facility is available for its intended use. The contractual construction commitment as of June 30, 2021, was $7,405,447 (December 31, 2020 - $7,084,300).

For the six months ended June 30, 2021, depreciation expense was $2,827,246 (2020- $2,510,211) of which $903,329 (2020 - $737,556) was included in cost of goods sold.

Expressed in United States Dollars, unless otherwise indicated

8) Licenses

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Total
Cost				
Balance at December 31, 2019	$ -	$ -	$ -	$ -
Additions	5,607,564	690,000	709,798	7,007,362
Balance at December 31, 2020	$ 5,607,564	$ 690,000	$ 709,798	$ 7,007,362
Additions	-	-	-	-
Balance at June 30, 2021, 2021	$ 5,607,564	$ 690,000	$ 709,798	$ 7,007,362
Accumulated Depreciation				
Balance at December 31, 2020	$ -	$ -	$ -	$ -
Amortization	-	-	-	-
Balance at June 30, 2021	$ -	$ -	$ -	$ -
Net book value				
At December 31, 2020	$ 5,607,564	$ 690,000	$ 709,798	$ 7,007,362
At June 30, 2021	$ 5,607,564	$ 690,000	$ 709,798	$ 7,007,362

Santa Ana acquisition

On May 20, 2020, the Company closed on its acquisition of Newtonian Principles, Inc. resulting in the Company acquiring a California cannabis sales license held by Newtonian Principles, Inc and a 30-year lease for a dispensary in Santa Ana, California. The acquisition was accounted for as an asset purchase acquisition as Newtonian Principles, Inc. was deemed to not be a business under IFRS 3.

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

Consideration paid:	
Cash	$ 1,000,000
Issuance of 3,940,932 Class A shares (Note 14)	4,453,831
Transaction costs	153,733
	$ 5,607,564
Fair value of net assets acquired:	
Right of use asset	4,395,037
Right of use liability	(4,395,037)
Intangible asset license	$ 5,607,564

Expressed in United States Dollars, unless otherwise indicated

8) Licenses (continued)

The license will be amortized over the remaining useful life of the Company's interest in the ROU assets of the property where the license is located.

WVapes acquisition

On July 17, 2020, the Company entered into an asset purchase agreement with West Coast Developments Nevada, LLC and W The Brand, LLC (together "**WCDN**") pursuant to which the Company acquired cannabis inventory, equipment and tenant improvements located in Las Vegas, Nevada. The acquisition was accounted for as an asset purchase acquisition as WCDN assets acquired was deemed to not be a business under IFRS 3.

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

Consideration paid:		
Cash	$	1,656,667
Issuance of 1,374,833 common shares (Note 14)		2,918,277
Transaction costs		50,000
	$	4,624,944

Fair value of assets acquired:		
Inventory	$	1,306,280
Biological assets		326,592
Fixed assets		2,282,274
Intangible asset license		709,798
	$	4,624,944

The Company acquired two cultivation licenses (one medical and one recreational), two production licenses (one medical and one recreational) and one conditional distribution license. The transaction was scheduled to close in two parts, the first closing being cash transferred for the equipment and cannabis inventory which occurred on July 17, 2020, and the second closing (the "**Second Closing**") being contingent on the approval to transfer the license and receipt of the cultivation and production licenses from the State of Nevada's Cannabis Control Board ("**CCB**"). On August 25, 2020, the CCB conditionally approved the transfer of the cultivation and production licenses to MMDC, and on September 3, 2020 the Company received the cultivation and production licenses pursuant to a letter from the CCB.

By way of an October 10, 2020 letter from the CCB, the Company received a conditional distribution license from WCDN, which was later approved at a public hearing by the CCB on December 18, 2020.

On September 11, 2020, the Company mutually agreed with WCDN that the receipt by the Company of a business license issued by unincorporated Clark County which would permit the Company to conduct business in Clark County (the "Clark County Business License") was a necessary condition precedent to the Second Closing. As a result, the Second Closing occurred, and the 1,374,833 common shares in the Capital of the Company were released from escrow to WCDN, on November 27, 2020 upon receipt by the Company of the Clark County Business License.

Concurrent with the first closing of the WCDN assets acquired, RX Land, LLC ("RX Land"), an entity owned by the Corporation's co-CEOs, acquired the WCDN facility for US$3.3 million and entered into a lease agreement with WCDN in respect of such facility (the "Initial West Bell Lease"). In accordance with the terms of the WCDN asset

8) Licenses (continued)

acquisition and approvals by the independent directors of Planet 13, WCDN assigned the Initial West Bell Lease to MMDC on November 25, 2020, and MMDC subsequently entered into an amending agreement with RX Land on November 27, 2020, to amend certain terms of such lease agreement including increasing the lease payments, extending the duration of the lease and, if desired, allowing for second floor installation by MMDC without a corresponding lease rate increase due to an increase in facility size. The entering into by MMDC of the assignment agreement and the amending agreement with RX Land constitutes a "related party transaction".

Medizin license acquisition

On July 31, 2020, the Nevada Tax Commission approved a settlement agreement between the Nevada Tax Commission, the Corporation and other plaintiffs, and intervening defendants (the "Nevada License Settlement") in connection with a lawsuit filed by the Company and other defendants after the defendants were notified in December 2018 that no licenses had been awarded to any of the defendants as part of a competitive application process that the Company and the other defendants had participated in for Nevada cannabis dispensary licenses in September 2018.

On August 7, 2020, the CCB convened and approved the Nevada License Settlement.

On September 3, 2020, the CCB transferred the conditional Clark County dispensary license to MMDC.

On November 20, 2020, the Corporation opened the Medizin store location, having received CCB final inspection approvals and a Clark County business license. The Company has capitalized $690,000 in costs incurred to secure the license under the Nevada License Settlement.

Expressed in United States Dollars, unless otherwise indicated

9) Right of use Assets

	Buildings	Vehicles	Total
Cost			
Balance at December 31, 2019	$ 9,965,389	$ 148,736	$10,114,125
Additions	11,457,392	-	11,457,392
Balance at December 31, 2020	$ 21,422,781	$ 148,736	$21,571,517
Additions	876,548	-	876,548
Disposals	-	(96,600)	(96,600)
Balance at June 30, 2021	$ 22,299,329	$ 52,136	$22,351,465
Accumulated Depreciation			
Balance at December 31, 2019	$ 583,919	$ 51,473	$ 635,392
Depreciation	734,931	51,473	786,404
Balance at December 31, 2020	$ 1,318,850	$ 102,946	$ 1,421,796
Depreciation	484,602	20,054	504,656
Disposals	-	(79,554)	(79,554)
Balance at June 30, 2021	$ 1,803,452	$ 43,446	$ 1,846,898
Net book value			
At December 31, 2020	$ 20,103,931	$ 45,790	$20,149,721
At June 30, 2021	$ 20,495,877	$ 8,690	$20,504,567

For the six months ended June 30, 2021, depreciation expense was $504,656 (2020- $336,444) of which $248,554 (2020 - $82,026) was included in cost of goods sold.

10) Prepaid expenses and other current assets

	June 30, 2021	December 31, 2020
Advertising and marketing	$ 795,263	$ 55,126
Security deposits	2,492,245	1,031,255
Taxes receivable/prepaid	771,887	37,163
Accounts receivable	583,172	436,874
Prepaid rent	323,259	205,177
D&O Insurance	530,582	153,076
Other insurance	338,566	397,870
Licenses	73,863	34,157
Miscellaneous	376,508	286,849
Total	**$ 6,285,345**	**$ 2,637,547**

Expressed in United States Dollars, unless otherwise indicated

11) Notes Payable

Notes payable consist of the following:

Non-related parties

	June 30, 2021	December 31, 2020
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
Less current portion	(884,000)	(884,000)
Long-term portion of Promissory Notes	$ -	$ -
Stated maturities of debt obligations are as follows:		
Next 12 months Promissory Note	$ 884,000	$ 884,000

The promissory note with an outstanding balance on June 30, 2021, and December 31, 2020, of $884,000 is collateralized by a deed of trust on the related land.

12) Lease liabilities

The Company's lease agreements are for cultivation, manufacturing, retail and office premises and for vehicles. The property lease terms range between 7 years and 21 years depending on the facility and are subject to an average of 2 renewal periods of equal length as the original lease. Leases for vehicles are typically between 4 years and 6 years with no renewal terms. When measuring lease liabilities, the lease payments are discounted using the Company's weighted average incremental borrowing rate of 15%. The Company has only included extension options in the measurement of lease terms for those specific leases for which it is reasonably certain to exercise the related extension options.

	June 30, 2021	December 31, 2020
Opening balance	$ 22,326,077	$ 10,522,377
Additions	876,547	9,174,693
Lease modifications	-	2,283,095
Interest and accretion	1,688,274	389,408
Principal payments	(1,587,206)	(167,367)
Early lease termination	(23,064)	-
Prepaid rent	-	123,871
Ending balance	$ 23,280,628	$ 22,326,077
Less: current portion	54,542	-
Long-term lease liabilities	$ 23,226,086	$ 22,326,077

Expressed in United States Dollars, unless otherwise indicated

12) Lease Liabilities (Continued)

The following table summarizes undiscounted future lease payments:

	June 30, 2021	December 31, 2020
One year	$ 3,543,797	$ 3,237,879
Two years	3,672,063	3,363,263
Three years	3,810,232	3,493,363
Four years	3,953,627	3,626,543
Five years	3,961,320	3,704,263
Thereafter	47,995,795	49,857,920
Total undiscounted future lease payments	$ 66,936,834	$ 67,283,231
Effect of discounting	(43,656,206)	(44,957,154)
Present value of minimum lease payments	$ 23,280,628	$ 22,326,077

The following table summarizes lease-related cash flows for the six months ended June 30, 2021, and the year ended December 31, 2020:

	June 30, 2021	December 31, 2020
Principal and interest repayment	$ 1,587,205	$ 2,337,006
Interest and accretion	-	2,559,047
Non-lease components	183,088	324,988
Short-term leases	-	17,154
Total cash outflows	$ 1,770,293	$ 5,238,195

Non-lease components consist of payments for common area maintenance, utilities and property taxes and have not been considered in the calculation of the lease obligation. Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases are recognized as expenses on a straight-line basis.

Expressed in United States Dollars, unless otherwise indicated

13) Share Capital

a) Authorized

Unlimited number of common shares and unlimited number of Class A shares

Number of Shares	2021	2020
Common shares		
Balance at January 1	126,573,250	82,427,619
Shares issued on exercise of RSUs	855,858	2,685,344
Shares issued on exercise of options	109,669	333,001
Shares issued on exercise of warrants	3,758,940	17,532,271
Shares issued on financings	9,861,250	18,279,250
Shares issued on conversion of Class A shares	55,232,940	3,940,932
Shares issued on acquisition (Note 8)	-	1,374,833
Total Common shares outstanding June 30, 2021 and December 31, 2020	196,391,907	126,573,250
Class A shares		
Balance at January 1	55,232,940	55,232,940
Shares issued on acquisition (Note 8)	-	3,940,932
Conversion of Class A to Common	(55,232,940)	(3,940,932)
Total Class A Shares outstanding June 30, 2021 and December 31, 2020	0	55,232,940
Balance June 30, 2021 and December 31, 2020	196,391,907	181,806,190

The Class A shares have equal rateable rights as the Company's common shares to dividends, all of the Company's assets that are available for distribution upon liquidation, dissolution or winding up of the Company's affairs, do not have pre-emptive rights, are entitled to receive notice and attend shareholders meetings and to exercise one vote for each Class A share held at all meetings of shareholders of the Company other than with respect to the vote for the election or removal of directors. Each Class A shareholder is able to convert each outstanding Class A share at the option of the holder thereof into one common share at any time provided that such conversion would not cause the Company to become a US Domestic Issuer. The restriction on conversion of Class A shares are designed to prevent the Company from becoming a US Domestic Issuer. Generally, a company will be considered to be a US Domestic Issuer if:

(A) 50% or more of the holders of a company's common voting shares are U.S. Persons; and either (B) (i) the majority of the executive officers or directors of the Issuer are United States citizens or residents; (ii) the company has 50% or more of its assets located in the United States; or (iii) the business of the company is principally administered in the United States.

On May 6, 2021, the Company issued 55,232,940 common shares on the conversion of 55,232,940 Class A shares. As of June 30, 2021, there were no longer any Class A shares outstanding.

13) Share Capital (continued)

As there are no restrictions on issue or transfer of the Company's common shares, there is no guarantee that the Company will not become a US Domestic Issuer in the future.

Six Months ended June 30, 2021

On January 4, 2021 the Company issued 852,154 common shares on the exercise of Restricted Share Units that had vested during the period.

On January 4, 2021, the Company issued 93,002 common shares on the exercise of options that had a strike price of CAD$0.80 per common share resulting in cash proceeds of $58,758 (CAD$74,402).

On January 4, 2021, the Company issued 16,667 common shares on the exercise of options that had a strike price of CAD$1.55 per common share resulting in cash proceeds of $20,444 (CAD$25,835).

On June 10, 2021, the Company issued 3,704 common shares on the exercise of Restricted Share Units that had vested during the period.

During the six months ended June 30, 2021, the Company issued 3,758,940 common shares to warrant holders who exercised 3,758,940 warrants resulting in cash proceeds of $14,076,477 (CAD$17,809,039),

Shares issued on Financings

On February 2, 2021, the Company completed a bought deal financing for aggregate gross proceeds of $53,852,980 (CAD$69,028,750) at a price of CAD$7.00 per unit. The Company issued 9,861,250 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$9.00 per common share for a period of 24 months. The Company also issued 591,676 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$7.00 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured. The Company incurred $3,496,448 in cash share issuance costs and allocated the net proceeds as follows: $42,081,114 to the common shares that were issued, $6,979,248 to the warrants that were issued and $1,296,170 to the broker warrants that were issued for total net proceeds of $50,356,532.

Year ended December 31, 2020

Shares issued for Stock Options and Restricted Share Units

During the year ended December 31, 2020, the Company issued 2,685,344 common shares on the exercise of RSUs that had vested during the period. The Company did not receive any cash proceeds on the exercise and transferred $3,313,152 to share capital from the carrying value ascribed to the RSUs that were exercised.

On January 17, 2020, the Company issued 75,000 common shares on the exercise of options that had a strike price of CAD$0.80 per common share resulting in cash proceeds of $45,966 (CAD$60,000).

On January 17, 2020, the Company issued 33,334 common shares on the exercise of options that had a strike price of CAD$1.55 per common share resulting in cash proceeds of $37,064 (CAD$51,668).

On July 3, 2020, the Company issued 8,333 common shares on the exercise of options that had a strike price of CAD$0.75 resulting in cash proceeds to the Company of $4,617 (CAD$6,249).

On July 3, 2020, the Company issued 116,334 common shares on the exercise of options that had a strike price of CAD$0.80 resulting in cash proceeds to the Company of $68,771 (CAD$93,066).

On October 9, 2020, the Company issued 50,000 common shares on the exercise of options that had a strike price of CAD$0.80 resulting in cash proceeds to the Company of $30,786 (CAD$40,000).

13) Share Capital (continued)

On October 14, 2020, the Company issued 50,000 common shares on the exercise of options that had a strike price of CAD$0.80 resulting in cash proceeds to the Company of $30,786 (CAD$40,000).

Shares issued on the exercise of Warrants
During the year ended December 31, 2020, the Company issued 17,532,271 common shares to warrant holders who exercised 17,532,271 warrants resulting in cash proceeds of $32,653,449 (CAD$43,079,021).

Shares issued for Acquisitions
On May 20, 2020, the Company issued 3,940,932 Class A restricted shares on the acquisition of Newtonian Principles Inc. (Note 9). The shares were valued at $4,453,831 (CAD$6,187,263, CAD$1.57 per share based on the closing price of the Company's shares.)

On July 17, 2020, the Company issued 1,374,833 common shares on the acquisition of WCDN. The shares were valued at $2,918,277 (CAD$3,959,519, CAD$2.88 per share based on the closing price of the Company's common shares on July 17, 2020) (Note 9).

Shares issued on Financings
On July 3, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $8,493,808 (CAD$11,521,850) at a price of CAD$2.15 per unit. The Company issued 5,359,000 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$2.85 per common share for a period of 24 months. The Company also issued 321,540 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$2.15 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured. The Company incurred $825,359 in cash share issuance costs and allocated the net proceeds as follows: $6,293,482 to the common shares that were issued, $1,152,568 to the warrants that were issued and $222,399 to the broker warrants that were issued for total net proceeds of $7,668,449.

On September 10, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $17,489,401 (CAD$23,019,550) at a price of CAD$3.70 per unit. The Company issued 6,221,500 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.00 per common share for a period of 24 months. The Company also issued 373,290 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$3.70 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured. The Company incurred $1,291,216 in cash share issuance costs and allocated the net proceeds as follows: $12,645,312 to the common shares that were issued, $2,967,057 to the warrants that were issued and $585,816 to the broker warrants that were issued for total net proceeds of $16,198,185.

On November 5, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $22,141,920 (CAD$28,804,625) at a price of CAD$4.30 per unit. The Company issued 6,698,750 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.80 per common share for a period of 24 months. The Company also issued 401,925 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$4.30 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model

Expressed in United States Dollars, unless otherwise indicated

13) Share Capital (continued)

as the fair market value of the services received cannot be reliably measured. The Company incurred $1,544,014 in cash share issuance costs and allocated the net proceeds as follows: $16,126,056 to the common shares that were issued, $3,741,328 to the warrants that were issued and $730,522 to the broker warrants that were issued for total net proceeds of $20,597,906.

b) Stock options

The Company has established an incentive stock option plan (the "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 Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

Six months ended June 20, 2021

No incentive stock options were granted during the period.

During the year ended December 31, 2020

No incentive stock options were granted during the year.

The following table summarizes information about stock options outstanding as at June 30, 2021, and December 31, 2020:

Expiry date	Exercise Price CAD$	June-30 2021 Outstanding	June-30 2021 Exercisable	December 31, 2020 Outstanding	December 31, 2020 Exercisable
June 11, 2023	$0.80	61,668	61,668	158,004	158,004
July 31, 2023	$0.75	11,667	11,667	11,667	11,667
January 7, 2024	$1.55	-	-	16,667	-
June 30, 2024	$2.60	7,500	7,500	7,500	-
July 4, 2022	$2.65	100,000	100,000	100,000	100,000
		180,835	**180,835**	**293,838**	**269,671**

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date.

Share based compensation expense attributable to employee options that vested during the six months ended June 30, 2021, was $3,104 ($45,891 for the six months ended June 30, 2020).

Expressed in United States Dollars, unless otherwise indicated

13) Share Capital (Continued)

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

Stock option activity	June 30, 2021	Weighted Average CAD$ Exercise price	December 31, 2020	Weighted Average CAD$ Exercise price
Balance – beginning of year	293,838	$1.52	666,842	$1.22
Granted	-	-	-	-
Exercised	(109,669)	$0.91	(333,001)	$0.87
Expired	(3,334)	$0.80	(40,003)	$1.79
Forfeited	-	-	-	-
Balance – end of period	180,835	$1.89	293,838	$1.52

	June 30, 2021	December 31, 2020
The outstanding options have a weighted-average CAD$ exercise price of:	$1.89	$1.52
The weighted average remaining life in years of the outstanding options is:	1.48	2.19

c) Warrants

The following table summarizes warrants outstanding at June 30, 2021:

Date of Issuance	Date of Expiry	CAD$ Exercise Price	June 30, 2020 Outstanding	December 31, 2020 Outstanding
December 4, 2018	December 4, 2021	$3.75	-	1,101,211
July 3, 2020	July 3, 2022	$2.85	363,388	591,488
September 10, 2020	September 10, 2022	$5.00	378,659	2,065,400
November 5, 2020	November 5, 2022	$5.80	2,927,141	3,249,275
November 5, 2020	November 5, 2022	$4.30	-	150,963
February 2, 2021	February 2, 2023	$9.00	4,910,625	-
February 2, 2021	February 2, 2023	$7.00	295,838	-
			8,875,651	7,158,337

	June 30, 2021	December 31, 2020
The outstanding warrants have a weighted-average CAD$ exercise price of:	$7.46	$4.98
The weighted average remaining life in years of the outstanding warrants is:	1.47	1.63

Expressed in United States Dollars, unless otherwise indicated

13) Share Capital (continued)

The following table reflects the continuity of warrants for the periods presented:

Warrant activity	June 30, 2021 Number	Weighted Average CAD$ Exercise price	December 31, 2020 Number	Weighted Average CAD$ Exercise price
Balance – beginning of the period	7,158,337	$4.98	15,061,078	$2.20
Issued	5,522,301	$8.79	10,236,380	$4.53
Exercised	(3,758,940)	$4.74	(17,532,271)	$2.46
Expired	(46,047)	$3.75	(606,850)	$1.40
Balance – end of the period	**8,875,651**	**$7.46**	**7,158,337**	**$4.98**

The Company received cash proceeds of $14,076,477 from the exercise of warrants during the six months ended June 30, 2021. The Company reduced the carrying value of warrants by $3,761,366 that was associated with the warrants that were exercised and reallocated this amount to common share capital.

The Company received cash proceeds of $32,653,449 from the exercise of warrants during the year ended December 31, 2020. The Company reduced the carrying value of warrants by $8,388,728 that was associated with the warrants that were exercised and reallocated this amount to common share capital.

The following assumptions were used to arrive at the value ascribed to the Warrants issued using a Black Scholes Option Pricing model:

Assumption	February 2, 2021	February 2, 2021	November 5, 2020	November 5, 2020	September 10, 2020	September 10, 2020	July 3, 2020	July 3, 2020
Share price - CAD$	$6.80	$6.80	$4.89	$4.89	$4.13	$4.13	$2.04	$2.04
Strike price	$9.00	$7.00	$5.80	$4.30	$5.00	$3.70	$2.85	$2.15
Risk-free rate	0.16%	0.16%	0.25%	0.25%	0.26%	0.26%	0.29%	0.29%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	78.30%	78.30%	84.20%	84.20%	88.70%	88.70%	89.30%	89.30%
Warrant life in years	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Acceleration Threshold	None	None	None	None	None	None	None	None

d) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

<u>During the six months ended June 30, 2021</u>

On January 4, 2021, the Company issued 852,154 common shares on the vesting of 852,154 RSUs that were outstanding. The Company did not receive any cash proceeds from the issuance.

On April 19, 2021, the Company granted 4,082,474 RSUs to officers, directors, and employees pursuant to the Company's RSU Plan. The RSUs granted vest in three equal tranches on November 1, 2021, November 1, 2022, and November 1, 2023, unless otherwise varied pursuant to the terms of the plan.

On June 10, 2021, the Company granted 3,704 RSUs to a consultant of the Company. Pursuant to the Company's RSU Plan. The RSUs vested immediately and were exercised on June 10, 2021. The company issued 3,704 common shares on the exercise and did not receive any cash proceeds from the issuance.

In total the Company transferred $1,775,286 to share capital from Restricted Share Units, representing the carrying value of the RSUs that were exercised during the period.

<u>During the year ended December 31, 2020</u>

On January 1, 2020, the Company issued 50,000 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.57 per share, the closing share price of the Company's common shares on December 31, 2019.

Expressed in United States Dollars, unless otherwise indicated

13) Share Capital (continued)

On June 30, 2020, 6,666 RSUs that were previously granted on June 11, 2018, were cancelled as a result of an employee resignation.

On July 3, 2020, the Company issued 50,518 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.04 per share, the closing share price of the Company's common shares on July 3, 2020.

The following table summarizes the RSUs that are outstanding as at June 30, 2021:

RSU Activity	**June 30, 2021**	December 31, 2020
Balance – beginning of the period	1,764,250	4,355,742
Granted to participants	4,086,178	100,518
Exercised	(855,858)	(2,685,344)
Cancelled	-	(6,666)
Balance – end of the period	**4,994,570**	**1,764,250**

The Company recognized $5,594,617 in share-based compensation expense attributable to RSUs vesting during the six months ended June 30, 2021($1,390,949 for the six months ended June 30, 2020).

14) General and Administrative Expenses

	For the three months ended June, 30		For the six months ended June, 30	
	2021	2020	2021	2020
Salaries and wages	$ 4,898,490	$ 2,059,394	$ 8,346,619	$ 4,126,115
Executive compensation	437,873	225,819	937,209	505,060
Licenses and permits	700,900	491,550	1,288,941	994,988
Payroll taxes and benefits	766,179	441,571	1,448,221	919,472
Supplies and office expenses	378,535	263,530	749,356	368,490
Subcontractors	738,303	277,854	1,212,943	612,324
Professional fees (legal, audit and other)	1,268,400	946,193	1,904,570	1,743,605
Miscellaneous general and administrative expenses	1,738,358	853,712	2,812,758	1,812,083
	$ 10,927,038	$ 5,559,623	$ 18,700,617	$ 11,082,137

15) Commitments and Contingencies

(a) Construction Commitments

At June 30, 2021, the Company had construction commitments outstanding of $7,405,447 (December 31, 2020 - $7,084,300) related to the build-out of the Company's Planet 13 Santa Ana cannabis entertainment complex.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. 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 as at June 30, 2021, 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.

Expressed in United States Dollars, unless otherwise indicated

15) Commitments and Contingencies (continued)

(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, 2021, 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, 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.

(e) Employment Agreements

The Company has employment agreements in place with its Executive Management team and certain key employees. The annual salaries pursuant to such agreements range from $100,000 to $500,000.

16) Basic and Diluted Net Income (Loss) per share

	Six Months Ended	
	June 30, 2021	June 30, 2020
Basic weighted average shares outstanding		
Common shares	196,292,786	88,714,843
Restricted voting shares	-	55,232,940
Total Basic and diluted weighted average shares outs	**196,292,786**	**143,947,783**
Effect of dilutive securities		
Net incremental shares from conversions of:		
Options	-	-
Warrants	-	-
RSUs	-	-
Diluted weighted average shares outstanding	**196,292,786**	**143,947,783**
Net Income (loss) for the period	**$ (3,976,082)**	**$ (5,397,157)**
Basic income (loss) per share	**$ (0.02)**	**$ (0.04)**
Fully diluted income (loss) per share	**$ (0.02)**	**$ (0.04)**

Expressed in United States Dollars, unless otherwise indicated

17) Related party transactions

Related party transactions are summarized as follows:

(a) Officer Compensation

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and board of directors. The following table summarizes amounts paid to related parties as compensation for the six months ended June 30, 2021, and 2020:

	Six Months ended June 30,		Remuneration or fees (1)		Share based payments (1)		Included in accounts payable (1)
Management compensation	**2021**	**$**	**1,303,279**	**$**	**4,491,752**	**$**	**-**
	2020		807,491		1,004,580		-
Director compensation	**2021**	**$**	**100,000**	**$**	**566,317**	**$**	**-**
	2020		-		137,307		-

(1) Amounts disclosed were paid or accrued to the related party during the six months ended June 30, 2021 and 2020.

(b) Other

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of the Company's Co-CEOs. Amounts paid to such company for rent for the six months ended June 30, 2021, and 2020 equaled $10,017 and $12,020, respectively. Amounts paid for printed marketing collateral and stationery items equaled $171,641 and $97,738 respectively for the six months ended June 30, 2021, and 2020. As at June 30, 2021, there was $76,747 (2020-$61,407) included in accounts payable that was owed to this related party.

A company owned by one of the Company's executives pays the Company for storage space. Amounts paid to the Company for storage space equaled $65,415 for the six months ended June 30, 2021 (2020 – nil).

Through to April 30, 2021, the Company leased a cultivation facility from an entity owned by the Company's co-CEOs. Rents paid for this facility for the six months ended June 30, 2021, equaled $301,894 (2020 – nil). On April 30, 2021, the Company's Co-CEOs sold this building to an arm's length third party who assumed the lease.

18) Segmented disclosure

a) Operating segments

The Company operates in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in the state of Nevada and is building a retail distribution complex in Santa Ana California.

b) Geographic segments

As at June 30, 2021, and December 31, 2020, all the Company's non-current assets were located in the United States.

19) Capital Management

The Company's capital structure consists of all components of shareholders' equity, leases and notes payable. The Company's objective when managing capital is to maintain adequate levels of funding to support the day-to-day business activities of its cannabis operations in Nevada as well as to fund strategic initiatives, including the buildout of phase II of the Superstore Cannabis Entertainment Complex as well as to fund future expansion opportunities in other locations that may arise and maintain the necessary corporate and administrative functions to facilitate these activities. This has been done primarily through equity financing. Future equity financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the six months ended June 30, 2021, or the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

20) Subsequent Events

On August 5, 2021, the Company's subsidiary, Planet 13 Illinois LLC, won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. Planet 13 Illinois LLC is owned 51% by Frank Cowan and 49% by the Company.