

14-Apr-2020

Planet 13 Holdings, Inc. (PLTH.CA)

Q4 2019 Earnings Call

CORPORATE PARTICIPANTS

Mark Kuindersma

Capital Markets Communication, LodeRock Advisors Inc.

Larry N. Scheffler

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

OTHER PARTICIPANTS

Bobby Burleson

Analyst, Canaccord Genuity LLC

Greg Gibas

Analyst, Northland Securities, Inc.

Doug Cooper

Analyst, Beacon Securities Ltd.

MANAGEMENT DISCUSSION SECTION

Operator: Hi, everyone. Welcome to Planet 13 Holdings 2019 Fourth Quarter Financial Results Conference Call. As a reminder, this conference call is being recorded on April 14, 2020. At this time, all participants are in a listen-only mode. Following the presentation we will conduct a question-and-answer session. Instructions will be provided at that time for research analysts to queue up for questions. [Operator Instructions]

I'll now turn the call over to Mark Kuindersma, Head of Investor Relations for Planet 13. Please go ahead.

Mark Kuindersma

Capital Markets Communication, LodeRock Advisors Inc.

Thank you. Good morning, everyone, and thanks for joining us today. Planet 13 Holdings fourth quarter and full year 2019 financial results were released today. The press release, financial statements and MD&A are available on SEDAR as well as on our website, planet13holdings.com. Before I pass the call over to management, we'd like to remind listeners that portions of today's discussion include forward-looking statements. There can be no assurances that such information we'll provide are proved to be accurate and that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Risk factors that could affect results are detailed in the company's public filings that are made available on SEDAR. We encourage listeners to read those statements in conjunction with today's call. The forward-looking statements in this conference call are made as of the date of the call. Planet 13 disclaims any intention or obligation to update or revise such information except as required by applicable law, and does not assume any liability for disclosure relating to any company mentioned herein. Planet 13's financial statements are presented in US dollars and the results discussed during this call are in US dollars unless otherwise indicated. On the today's

call we have Bob Groesbeck, Co-Chairman and Co-CEO; Larry Scheffler, Co-Chairman and Co-CEO; and Dennis Logan, CFO.

I will now pass the call over to Larry Scheffler, Co-Chairman and Co-Chief Executive Officer of Planet 13 Holdings.

Larry N. Scheffler

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

Thanks, Mark. Good morning, everyone, and thanks for participating in our fourth quarter call. I want to acknowledge that we're clearly in a time of uncertainty as it relates to COVID-19. I know you have a lot of questions relating to the future, and I will try to answer them as best we can. First, I'd like to say thank you to our team members who're doing a great job managing us through this period. The quality of service our employees have demonstrated has been tremendous. They've worked day and night to ensure our community can have access to cannabis in a safe and responsible manner. Along with our Q4 and full year results we pre-released our Q1 revenue. I'll touch on that briefly before spending the majority of my time on the call discussing our response to COVID-19.

The SuperStore generated \$63.6 million in revenue and \$9.9 million in EBITDA in 2019. For the full year of 2019, the SuperStore was responsible for 9.1% of Nevada's cannabis sales. A tremendous accomplishment that speaks to the quality of our team and the exciting experience they create for everyone who walks through the SuperStore. We've opened Phase II during Q4 and up until March 18 when Las Vegas shut the casinos. Phase II was provided the network effect we expected. Every metric we track was up, number of visitors, visitor to customer conversion rate, average spend and length of time spent in the store. Through March 20 revenue was up 38% year-over-year. Overall in Q1 we did \$16.6 million in revenue, up 20% over Q1 in 2019.

On March 17, 2020 all the casinos in Las Vegas were closed. On March 20, 2020 Nevada Governor Steve Sisolak closed all cannabis dispensaries through an emergency declaration allowing for delivery-only. In late September we stopped using Blackbird and bought out delivery service in-house, brought our delivery service in-house, I should say. We started building out the back end with a long term view how we could diversify our customer base to include more local customers through delivery. In February we started seeing International companies like Nike close doors overseas, and it changed from a long term plan to an import contingency plan, and then back of the Governor's declaration became priority number one and from January to March 30 we increased our fleet of vehicles from 5 to 29 running full time. This hasn't been an easy transition, and we have overcome several challenges in a very short period of time to evolve with this fluid situation.

Our online ordering system was overwhelmed at times just by the sheer volume of our customers' demand. We also had to navigate the state rules and make delivery a challenge and a logistical problem. We retrained our staff to expand their knowledge on to other roles such as customer service, processing, fulfillment and delivery driving. Our team has responded to the challenge and created something we're all very proud of. They have worked through each new problem with the same positive attitude that has made the SuperStore a success since day one. This has been a hectic time for our frontline crew. They have been incredibly patient, helpful and caring on the phone for many long hours these days, helping our first time customers use our online ordering system, all the while ensuring we provide our customers with memorable first class service.

As of April 13, I would say we are past our ramp up period, and have been kind of have overcome many of the early challenges. We are providing a frictionless virtual shopping experience through an efficient ordering system, reliable 24x7 delivery service, consistent product quality at a competitive price point and with a facility built that see through any obstacle. With that said we still have room to grow. We are adding additional drivers and opening

many more delivery slots which is our current bottleneck. Consumers are creatures of habit. You likely go to the same grocery store every time. It's the same for cannabis, except Nevada residents are having their routines changed by force. As there are many dispensaries in the state, they weren't prepared or didn't have the resources to effectively make the online transition.

This is an opportunity for us to become a staple in the lives of Las Vegas Valley that will last well beyond this crisis. Through April we were generating an average of over \$80,000 per day in delivery revenue. We believe that once we've added additional drivers we can move that number easily north of a \$100,000 per day. This is new revenue for Planet 13, and on top of the 40%-ish revenue growth that was been driven by Phase II prior to the shutdown. As everyone knows historically, 50% of our revenues come from locals, a 100% of our revenue today is coming from residents of the Greater Las Vegas Valley. We're optimistic that we can retain many of these new customers even after dispensaries reopen and life returns to normal.

With all that said, I'll pass it up to Dennis who discuss our financials and our current daily revenue numbers.

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

All right. Thanks, Larry. And before I begin, I just like to remind everyone that all numbers discussed on today's call are stated in US dollars unless specifically stated otherwise. The Q4 feels like a lifetime ago for most of us, and everyone is focused on the current operating environment. So let me get right into what the picture looks like today. As of March 31, 2020, Planet 13 had approximately \$14 million in cash. We are in an enviable financial position [indiscernible] (00:07:43) able to withstand any short-term disruption. As Larry mentioned, we are now up to over 80,000 per day in revenue from delivery operation, and have been able to maintain our gross margins in excess of 50%. We've made the appropriate cost reductions in response to the closing of the SuperStore retail dispensary, bringing down our variable cost significantly. And if we can get to a forecasted number of \$100,000 in the daily revenue that we are modeling, at least we should be cash flow breakeven for a full 12-month period if the current situation continues.

I would like to note that Planet 13 is able to operate both its cultivation and production facilities during the shutdown, and we've built up sufficient inventory of our own in-house branded products to meet customer demand. We have modeled several different scenarios to gauge the COVID-related impact on our business, and believe we're nimble and have the flexibility to adapt and manage each scenario accordingly. We have suspended all non-essential capital expenditures until we have clarity on the length of the time our dispensary will be closed, and any potential secondary impact that shutdown has on operation. The biggest project that was underway was our Santa Ana expansion that we had terminated. I mean, we have invited the vendor back to the negotiating table to negotiate a revised agreement in line with the current market environment in California. I will let Bob talk further about this, but for now we have pared back expenses, reduced our fixed costs and expect that the SuperStore operations will be breakeven or better if the shutdown is extended indefinitely.

I'll quickly run through our Q4 results. In Q4 2019 we generated \$16.5 million in revenue, down slightly from Q3 2019 and a year-over-year increase of 99.8% compared to 2018. As a reminder, Q4 is the seasonally slowest time in Las Vegas. Adjusted EBITDA during Q4 was \$2.5 million. Adjusted EBITDA decreased sequentially due to slightly lower gross profit along with slightly higher SG&A. Gross margin in the quarter was 57%, and it was impacted by the closing of our smaller production facility in October, and the open and ramp up of our new production facility on site and our customer facing production facility in November. The [indiscernible] (00:09:50) we've shut down and that we had less of our own in-house products to sell in the back half of the quarter that impacted our gross margin.

Sales and marketing expense was \$1.7 million in the quarter which remained flat as a percentage of revenue compared to the prior quarter. We spent \$5.4 million on general and administration expenses in the quarter, up from \$4.9 million last quarter. G&A was elevated due to a \$400,000 write-off of bad debt from one of our credit card service providers that we had talked about in the last quarter. We've taken a provision for the entire amount. We've also pre-released Q1 revenue. Q1 revenue was \$16.6 million as of March 31, a 20% increase year-over-year. As Larry already talked about, this increase would have been even larger if it wasn't for the mandated shift to delivery-only in response to COVID-19. The last two weeks of March revenue was down substantially as we ramped up our delivery activities and pivoted to focus on online ordering and local home delivery.

So with that I'll pass the call over to Bob.

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

Thank you, Dennis and good afternoon everyone. I'd like to echo Larry's comments earlier just to give a big shout out to our team. They've done an extraordinary job pivoting from a retail platform to delivery-only literally overnight, and I can't say enough about them. And I also want to spend just a moment to thank our local leaders, particularly Clark County commission for their help and assistance, and also the greater community for supporting and helping each other through this difficult time. In addition to ensuring Las Vegas Valley residents have continued access to cannabis, we're also doing our part as a member of the community by donating 2,800 meals per month from our onsite restaurant [ph] Trece (00:11:30) to Clark County Social Services to assist needy seniors throughout the valley.

We're also providing our employees with a daily free meal during each of their work days to help them through this difficult time. As a longtime Las Vegas resident, I know that this city takes care of its own, and I know that it remembers those who don't. So moving on to Santa Ana, as Dennis indicated and as previously press released, we've terminated our Santa Ana expansion. However, I do want to say that we've actively engaged in negotiations with the vendor, and it's our hope that we can come to a revised agreement that better reflects the delays to opening the dispensaries and the overall macro environment, particularly associated with COVID-19. Given the macro backdrop, we believe it's prudent to limit the number of factors outside of our control.

The reality is that, under the current COVID-19 crisis, it would be imprudent if not impossible to undergo retrofitting and construction of the building and pursue the approval from the state and local regulatory agencies given the economic uncertainties currently employed. We still view Santa Ana as an attractive option at the right price. It's exactly the type of expansion we continue to look for. A dispensary license, an attractive lease for a property perfectly suited for a Planet 13 [indiscernible] (00:12:52) type attraction. We are in continuous talks with operators in a variety of states for deals similar to Santa Ana, but are very aware that even the best asset needs to come at a fair market price beneficial to Planet 13. We've also engaged in tuck-in acquisitions in Nevada, looking for smaller dispensaries that can benefit from our established infrastructure and buying power.

I've said this many times before but it bears repeating. Management owns approximately 60% of this company. We're not managers using someone else's money to grow the company. We're using our dollars and we are extra careful to allocate it in ways that make the company more valuable on a per share basis for all of us. We've talked about it before, but one of our big goals for 2020 is to capture share in the Nevada wholesale market. As part of Phase II, our customer facing production facility which opened in November of last year, we've been methodically ramping up production in that facility and are now able to continuously supply the SuperStore and a number of other third-party dispensaries in Nevada. Our branded products are performing quite well. Our in-house brands represented approximately 20% of all products sold in the SuperStore in February.

In the HaHa Gummies line in particular was the second bestselling brand over that period in any category. Our edible brands are still new, but they've received a very positive response from the market, and we expect them to continue to grow as they build on our reputation of quality, taste and consistency. Prior to COVID-19, we rolled out our branded products to seven dispensaries in the Greater Las Vegas area. As a vertically integrated retailer, we're acutely aware how important it is to have consistent delivery, abundant supply and numerous other factors and how that they can impact how we supply product which in turn impacts the quality of shelf space it receives. We want to build up our reserve supply to ensure enough product for both the SuperStore and third-party dispensers before we roll it out to additional chosen dispensaries throughout the state.

Prior to COVID-19 we were already starting to receive large reorders, which necessarily have been suspended as dispensaries continue to reassess demand. We fully expect a similar order flow once this period of uncertainty passes. While we don't know how long COVID-19 will impact our business and our community, we know that it hasn't changed the long-term profile of this company and what has made it a success. Prior to the shutdown we were seeing amazing growth at the SuperStore driven by the Phase II expansion. We are running breakeven to slightly cash flow positive of only our delivery business. We have plenty of cash on hand to look at attractive growth opportunities on the back end of the COVID-19 crisis. We have proven that our retail concept works and that it drives significant revenue and cash flow, and now a growing delivery business that is accretive to our bottom line.

So with that said, I'd again like to thank everybody for participating today. And I now ask the operator to open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Bobby Burleson from Canaccord. Please go ahead.

Bobby Burleson

Analyst, Canaccord Genuity LLC

Q

Hey, guys. Thanks for taking my questions. So I'm just curious, you guys obviously are heavily tourist dependent. But there are some folks that are struggling that weren't as financially sound and prepared to shift to delivery. So if we combine the ramp of your delivery business, what you're doing there with maybe some competitors going under, what's the mix that you think you could ultimately drive to in terms of local customers in your revenue mix longer term, and that's assuming worst case scenario of maybe some large conventions continuing to get canceled this year and continued pressure on that tourist traffic?

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Hey, Bobby. It's Dennis. I'll take the first part of it and then the other guys can jump in. I go back to what Larry had said, it's really going to depend on how long the shutdown last and how ingrained we become as part of that local customer experience in terms of buying and getting that home delivery. For our \$100,000 a day target that we think we're relatively close to achieving, it will be about a 1,000 plus deliveries a day averaging in that sort of \$100 plus range. And we found that the home delivery model there is definitely a higher dollar value ordering per ticket compared to in the SuperStore. If we can capture and keep half of those people, I think it bumps up our – it's 500 people a day on the 2,000 to 2,500 that we can do in the SuperStore, that we were doing in the SuperStore, in the kind of January to March 17 period. It's a significant chunk of the local traffic. And I think if the other dispensaries,

some other dispensaries in the valley go under and people are used to that online ordering where we're delivering 24 hours a day, I think we will be able to keep more than 50% of those customers.

Bobby Burluson

Analyst, Canaccord Genuity LLC

Q

Great. Thanks.

Operator: [Operator Instructions] And the next question is from Greg Gibas from Northland. Please go ahead.

Greg Gibas

Analyst, Northland Securities, Inc.

Q

Hey, guys. Good afternoon. Thanks for taking my questions. In terms of delivery, would you say that you now have the capacity I guess to satisfy all the order or all the demand that are placed these days with the 29 vehicles I think you said operating 24x7? And then I just wanted to touch on, has the shutdown impacted your in-house brand production in anyway?

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

Well, let me jump in Greg. Thanks. This is Bob. So let me address the latter part of your question first with respect to production. No, that hasn't impacted us at all, in fact we were working full shifts to build up the inventory in anticipation when the crisis lifts and we reopen, but we've been very fortunate that we have an opportunity to move those brands to the delivery platform, and they are actually selling quite well as I indicated earlier. So we expect that that will continue of course.

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

And then Greg, on your first part of that question, you said the supply demand on the delivery. So as Larry indicated, we had some challenges in the first couple of days with the system being overwhelmed. And that was more to do with the number of vehicles on the road than the system itself we just couldn't get the deliveries out the door. With 29 vehicles on the road I think we'll have them on fully on the road by the end of the month, we're sort of midway probably around the 20 vehicle mark right now. They all have to be retrofitted and [indiscernible] (00:19:57) inspection, et cetera. So we should be able to meet any demand that's there.

We're running 24x7, obviously lower vehicle count in the midnight to 07:00 AM slot and picking up in the peak periods of time. So it's taken us a bit to adjust, and one of the things that we've been fortunate to have is a great workforce who have shifted from being budtenders and being working in the production facility to training and driving events. So they're becoming delivery people. So we've been able to pivot and bring everybody back that we originally laid off before we ramped up that number of vehicles. So it's been interesting to watch the response of our employees and it's fantastic that they've embraced the delivery, and I think we've got enough supply of vehicles and people to meet the demand that we have right now.

Greg Gibas

Analyst, Northland Securities, Inc.

Q

Okay. Sure. Yeah. I mean, that's nice to hear that you guys [indiscernible] (00:20:48) take advantage of that. And then I just wanted to ask about the Santa Ana acquisition. What were the unmet conditions I guess that caused a termination? And could you maybe talk a little bit about I guess how has that consideration that you will pay to

acquire the dispensary maybe changed or at least pricing negotiations there? I mean, if this were to go through when would it realistically open given these delays?

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

Well, this is Bob again, Greg. So as I said in my comments initially, we're continuing to have dialogues with the vendor, the transfer [indiscernible] (00:21:25) in this case, and we've had productive conversations. But again, the world changed overnight. And as we indicated in our notice determination I think which was press released, one of the key criteria of course was frustration purpose. COVID-19 changed the entire market literally overnight, and there were some other conditions associated with the transaction, including fighting off certain partials of the property that haven't been met. But again, our focus is trying to get a deal done, but getting a deal done consistent with current value in the market, and things have changed dramatically, and we're seeing that across the board in the sector.

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Yeah. And Greg, I don't think we're going to comment on the consideration change because we're still in those negotiations, and don't want to [indiscernible] (00:22:13) those discussions with anything we say on the call. So I think we'll reserve judgment until a later date on that one.

Greg Gibas

Analyst, Northland Securities, Inc.

Q

Sure. Fair enough. Great. And then just to clarify, it was nice that you provided Q1 revenue given some of the impact later in the month of March. But as we think about April, I think you said you're looking at \$80,000 I guess in revenue a day. I think you said earlier about 500 people a day. Does that get to ticket size of almost 50% higher than what you were seeing in store, I mean, I think that comes like \$150 per household?

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Yeah. And the early indications are that the ticket average is anywhere from 30% to 50% higher per order depending on the day of the week and the time. Similar types, I guess, weekly trending where the orders on Thursday to Saturday are higher than they are Monday to Wednesday kind of thing. So we're adapting our marketing and our sort of deals toward those buying patterns to try and drive as much traffic and as much margin as we can out of that ordering platform so we meet that. So I think we're on track to get to that target of \$100,000. And with this \$100,000 we will start to see – we will be cash positive on that basis alone. And I think the bigger the ticket the more we can deliver obviously the better.

Greg Gibas

Analyst, Northland Securities, Inc.

Q

Okay. That's helpful. Thank you.

Operator: Thank you. Your next question comes from Doug Cooper from Beacon Securities. Please go ahead.

Doug Cooper

Analyst, Beacon Securities Ltd.

Q

Hi. Good afternoon, everybody. I just want to delve into a little bit more on the delivery and maybe what the market share is. I think the latest numbers out of Nevada, and I don't have them in front of me, were \$64 million state-wide revenue. And what do you think guys, how much of that would be tourists, like how much would that leave the local population, and if you're doing a \$100,000 a day give or take that's \$3 million, what would that translate to a market share?

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Yeah. Doug, it's Dennis. That's a tough one to really pin down because I really do – I think our market share is going to be dependent on what the overall size of the market is with kind of 2.3 million to 2.5 million locals compared to the 55 million tourists. I'm not really sure what the size of that local market is. Pick a city of the similar size probably and that sort of ballpark of where it's going to come from the state as a whole. So I think our market share goes up even though we're down, our revenues are down by about half if we get to that \$100,000 a day kind of mark, a little bit more than half. So I think our market share goes up probably [indiscernible] (00:24:50) up to 20%.

Doug Cooper

Analyst, Beacon Securities Ltd.

Q

Because you're going to be delivering mostly around Nevada and Clark County, I'm assuming right? So additionally Clark County represented I think 80% of the revenue than Nevada. So your market share was 9.1% statewide, it's obviously higher in Clark County. If you're at that 11% and 12% market share, out of the 68 dispensaries in and around Clark County how many you think will survive in a protracted period?

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Yeah. I'll turn that one over to Bob or Larry, they're more plugged into that local scene than I am.

Larry N. Scheffler

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

And this is Larry, I'll let Bob talk about some of that also. I just want to add a little bit that we don't really know how big we're going to grow this local delivery service. We think this is a chance of a lifetime to reach out to these locals, get their sale numbers so we can market to them. They've joined our group allowing us to market to them. Let me just say, over the last week we've averaged 300 new people, new customers to Planet 13, members signing up on our Internet platform, on our website every day, 300 per day. If that continues and depending on how long the shutdown continues, you can do the math on that. We don't really know I don't think we can say or being surprised every day if we're very optimistic about it. And I agree with Dennis that right now we're able to hand all of the – pretty much all of the calls that are coming in. But if it continues to 300 a day, we may have to look at something else, maybe look at some new vehicles depending on again how long this is all going to go on. And I also agree on the [indiscernible] (00:26:31) about 50%, and add that back to the visitors that we had, and of course you guys know how that was growing, how fast it was growing, we can be 50% higher than we were when we shut down.

Doug Cooper

Analyst, Beacon Securities Ltd.

Q

Maybe I can ask you the another way, I just lost my [indiscernible] (00:26:48). The other competitors that maybe using somebody like Blackbird you have your own delivery fleet, you produce your own product. I'm assuming the

local market is more price conscience than say a tourist market was. How much of a price advantage do you have by manufacturing your own product and using your own delivery service versus outsourcing that to a third party?

Dennis Logan

Chief Financial Officer, Planet 13 Holdings, Inc.

A

Yeah. It's Dennis, I'll address the advantage slightly in a different way Doug than the vertical integration which I think gives us lots of margin to play with on that front. I mean we have historically given a 20% discount to the local. So the current prices we're selling at to get to that \$100,000 or that 20% last, but the knock-off, the cab fees that we're paying per drop, and we are getting a big break on a lot of the wholesale stuff we're buying because there is no market for it. So a lot of our competitors that don't have that retail dispensary or have a retail dispensary, but don't have the delivery capabilities are pushing us product, and we're getting that 20% recapturing a lot of that 20% discount we're giving to the locals on the wholesale purchase. So our margins shouldn't really suffer too much there. As far as Blackbird is concerned, I don't know enough about what their cost base is. I mean Bob and Larry are more in tune with what historically we spent on Blackbird until September at the old store, the Medizin store when we're delivering, but we didn't really have a lot of deliveries out of the planned 15 SuperStores. So maybe Bob you want to comment on Blackbird?

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

Well, thank you, Dennis. I really don't know the numbers off top of my head. We can certainly look back to that Doug and circle back with you. But obviously we're saying that cost and it was not cheap. When we exited from the Blackbird platform it was really two-fold, one was obviously cost, but the second, the most important at the time was the inability to get deliveries out on time to our customers. So we thought it made sense for us to bring it all in-house and then control the entire process. And as Larry mentioned earlier, we are very fortunate in that we started to ramp-up fairly early recognizing that the markets were going to get much more difficult. So moving forward we think it was a prudent move. And we think longer term we're going to capture a lot of customers that we simply didn't reach or didn't have prior to the crisis.

Doug Cooper

Analyst, Beacon Securities Ltd.

Q

Right. And then one last one from me just on Medizin. You've got 29 trucks now delivering from the SuperStore tapping the local market. If you were to get Medizin back to license through this prolonged litigation period, do you need it back, I mean, or can you run everything out of the SuperStore, does it make sense to take it back? And I'll leave it there. Thanks.

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

Well, hey, Doug it's Bob again. It's a great question. We grapple with that internally quite a bit. So we think it makes sense to try to get our hands on the license. We're basically up to the point now where this thing will be going to trial once the markets open up and the courts open up. So there are a lot of time and effort in building a case. So again, I'm confident at the end of the day we'll pick up a license and be in a position to reopen that store, and that too we'll just complement what we're doing in the other platforms.

Doug Cooper

Analyst, Beacon Securities Ltd.

Q

Okay. Great. Thanks guys.

Robert A. Groesbeck

Co-Chief Executive Officer & Director, Planet 13 Holdings, Inc.

A

Thank you Doug.

Operator: Thank you. At this time there are no further questions. Ladies and gentlemen this does conclude your conference call for today. We thank you for participating, and we ask that you please disconnect your lines.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2020 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.