



**MANAGEMENT DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

Expressed in United States Dollars

Dated: May 16, 2022

The Management's Discussion and Analysis of Financial Condition and Results of Operations for Planet 13 Holdings Inc. is also included in the Form 10-Q for the quarter ended March 31, 2022 filed on SEDAR on May 16, 2022 in its entirety.

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

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Planet 13 is for the three months ended March 31, 2022. It is supplemental to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes presented herein. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Financial information presented in this MD&A is presented in United States dollars ("\$", "USD" or "US\$"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Disclosure Regarding Forward-Looking Statements," identified in this Quarterly Report on Form 10-Q. As a result of many factors, our actual results may differ materially from those anticipated in these forward-looking statements and information.

Overview of the Company

We are a multi-state cannabis operator with licenses to operate in Nevada, California, and Florida, and we have received notice of intent from the Illinois Department of Financial and Professional Regulation to award a license in Illinois. We are headquartered in Las Vegas, Nevada, at our superstore dispensary located adjacent to the Las Vegas strip. A detailed description of our corporate history and our business can be found in our Annual Report on Form 10-K for the year ended December 31, 2021.

As of March 31, 2022, we have over 700 employees and remain focused on providing our customers with the best products, best service and an experiential shopping experience at our superstore-themed dispensaries, while expanding our products and sales through neighborhood stores. Each of our state operations is held in state-focused subsidiaries: (a) Newtonian Principles, Inc. for California licensed cannabis dispensing and distribution activities, (b) Next Green Wave, LLC for California licensed cannabis cultivation and production activities, (c) MM Development Company, Inc. for all licensed Nevada cannabis cultivation, production, distribution, and dispensing, (d) Planet 13 Florida, Inc. ("Planet 13 Florida") which holds our Florida Medical Marijuana Treatment Center ("MMTC") license, and (e) a 49% minority interest in Planet 13 Illinois, LLC ("Planet 13 Illinois") which has received a notice of lottery award for an Illinois social-equity justice impaired dispensing license. We have focused on our large-store dispensing stores as superstores which offer an experiential approach to our customers, including drones, robotics, 3-D mapping projection, cannabis-culture inspired social-media backdrops for customer interaction, customer facing production, one-on-one sales staffing and customer education, and other interactive marketing elements to differentiate from more traditional dispensing locations, which we refer to herein as "neighborhood stores". Each of our cannabis facilities is state-licensed as an adult-use cannabis facility, a medical cannabis facility, or a dual-use facility allowing for both adult-use and medical cannabis licensed activity, as designated below in the state-by-state breakdown.

Nevada

As of March 31, 2022, we held the following licensed operations in Nevada: (a) one dual-licensed dispensary superstore adjacent to the Las Vegas strip with 24,000 square feet of licensed dispensary (the "Planet 13 Las Vegas Superstore"), (b) one adult-use "neighborhood store" at 2,300 square feet of licensed dispensary (the "Medizin dispensary"), (c) three dual-licensed production facilities, one of which is co-located and customer-facing at the superstore in Las Vegas with 18,500 square feet of licensed production, (d) three dual-licensed cultivation facilities, one with approximately 16,100 square foot indoor cultivation facility under perpetual harvest cycle, a second with 25,000 square feet of indoor cultivation currently expanding up to 45,000 square feet co-located with our production license at that facility, and a small-indoor rural site in Beatty, Nevada expandable up to 2,300,000 square feet of greenhouse located on 80-acres owned by us, also co-located with our production license at that facility, and (e) two cannabis distribution licenses, one active and one conditional. On April 22, 2022, we entered into an agreement to sell the conditional distribution license, which remains subject to Nevada regulatory approval. The sale and will have no impact on our sales or ability to operate in Nevada.

At the Planet 13 Las Vegas Superstore, we also offer ancillary services to our customers, including a restaurant with liquor license, a retail store, and our online cannabidiol ("CBD") store which also sells products in our facility.

California

As of March 31, 2022, we held the following licensed operations in California: (a) an adult-use dispensary superstore co-located with a distribution license at our 33,000 square foot facility in Santa Ana which we built and opened on July 1, 2021 (the “**Planet 13 OC Superstore**”), (b) following the closing of our Plan of Arrangement with Next Green Wave Holdings Inc. (“**NGW**”) on March 2, 2022, as more fully discussed in Acquisitions below, one dual-use and two adult-use cultivation licenses along with a nursery license and distribution license at our 35,000 square foot cultivation facility, and one Type P production license at a 4,000 square foot facility. As of May 5, 2022, we received notification that our application to enhance the Type P production license to Type 6 non-volatile extraction license had been approved by the State of California, to produce our existing product lines, including gummies, concentrates, chocolates, and beverages and distribute them for wholesale sales in California.

Florida

As of March 31, 2022, we are continuing capital outlays to utilize our Florida MMTC license issued by the Florida Department of Health that was acquired by our wholly owned subsidiary, Planet 13 Florida, on October 1, 2021 for \$55 million in cash. Licensed MMTCs are vertically integrated and the only businesses in Florida authorized to dispense medical marijuana cannabis to qualified patients and caregivers. MMTCs are authorized to cultivate, process, transport and dispense medical marijuana. As of March 31, 2022, there were 22 companies with MMTC licenses in Florida, many of which are not yet operational. License holders are not subject to restrictions on the number of dispensaries that may be opened or on the number or size of cultivation and processing facilities they may operate. As part of our Florida expansion, as of the date of this report, we have entered into two leases for dispensing locations in Florida.

Illinois

On August 5, 2021, Planet 13 Illinois, in which entity we hold a minority interest, won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. We are evaluating potential locations for a dispensary, pending license issuance from Illinois regulators. We own 49% of Planet 13 Illinois and 51% is owned by Frank Cowan.

COVID-19 Pandemic Update for First Quarter 2022

Starting on February 10, 2022, COVID-19 protocols in Nevada no longer include mask mandates in Clark and Nye County, where we have operations, for all individuals within public indoor settings.

On March 1, 2022, the State of California changed mask requirements arising under the general industry safety order by Cal/OSHA, with a strong recommendation that masks were required statewide for unvaccinated individuals in indoor public settings and workplaces, as opposed to the previous requirement for mask use by unvaccinated individuals.

We caution that current global uncertainty with respect to the spread of COVID-19 or its variants and its effect on the broader global economy may have a significant negative effect on us. As reflected in this MD&A, the COVID-19 pandemic has had a negative effect on our business. While the continued impact of COVID-19 on us remains unknown, continued spread of COVID-19 or its variants may have a material adverse effect on global economic activity and can, and in some cases, has resulted in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could and may continue to affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to us. Long-term economic impacts relating to COVID-19 and state and national fiscal policy related to combatting the economic impacts of COVID-19 may have a long-term detrimental impact on customer spending, costs of customer acquisition, and may be a driver for rapid inflation which could negatively affect our customers’ discretionary spending capability or increase our materials and labor costs in future periods.

Acquisitions

On March 2, 2022 (the “Closing Date”), we completed our acquisition of NGW. We entered into an arrangement agreement (the “Arrangement Agreement”) with NGW on December 20, 2021, pursuant to which we agreed to acquire (the “Arrangement”) all of the issued and outstanding common shares of NGW (the “NGW Shares”) pursuant to a plan of arrangement (the “Plan of Arrangement”) under the Business Corporations Act (British Columbia). The Arrangement was approved by the holders of NGW Shares (the “NGW Shareholders”) at a special meeting of NGW Shareholders held on February 25, 2022, and approved by the Supreme Court of British Columbia on March 1, 2022.

Pursuant to the Plan of Arrangement, at 12:01 a.m. (Vancouver time) (the “Effective Time”) on the Closing Date, we acquired all of the NGW Shares for a total consideration of approximately C\$71,791,700 (based on the closing price of our Common Shares (the “Planet 13 Shares”) on the Canadian Securities Exchange on February 28, 2022), and NGW then amalgamated with us. The NGW Shareholders received 0.1145 of one Planet 13 Share (the “Exchange Ratio”) and a nominal cash payment of C\$0.0001 for each NGW Share held immediately prior to the Effective Time. As a result, 21,361,002 Planet 13 Shares and \$15,205 in cash were issued in exchange for the NGW Shares. In addition, the number of Planet 13 Shares issued to any person pursuant to the Arrangement was rounded down to the nearest whole Planet 13 Share, with a cash consideration paid in lieu of the issuance of such fractional Planet 13 Share of C\$3.379 per share.

Based upon the Exchange Ratio, all NGW options to acquire NGW Shares that were outstanding immediately prior to the Effective Time were also exchanged for our options that will entitle the holders to receive, upon exercise thereof, Planet 13 Shares. As a result, we issued 1,106,925 options in exchange for the NGW options.

Results of Operations

Expressed in US\$

	Three Months Ended		Percentage Change
	March 31, 2022	March 31, 2021	
Revenue			
Net revenue	25,694,395	23,816,208	7.9%
Cost of Goods Sold	(12,793,391)	(10,781,481)	18.7%
Gross Profit	12,901,004	13,034,727	(1.0)%
Gross Profit Margin %	50.2%	54.7%	
Expenses			
General and Administrative	13,486,691	7,974,816	69.1%
Sales and Marketing	603,242	659,949	(8.6)%
Lease expense	481,247	612,326	(21.4)%
Depreciation and Amortization	2,040,052	964,597	111.5%
Total Expenses	16,611,231	10,211,687	62.7%
Income (Loss) From Operations	(3,710,227)	2,823,040	(231.4)%
Other Income (Expense):			
Interest income (expense), net	(27,353)	7,158	(482.1)%
Foreign exchange gain (loss)	(95,907)	829,635	(111.5)%
Transaction costs	-	(256,666)	(100.0)%
Change in fair value of warrants	4,159,809	(6,187,530)	(167.2)%
Other income	314,465	62,897	400.0%
Total Other Income (Expense)	4,405,918	(5,558,822)	179.3%
Income (loss) for the period before tax	695,691	(2,735,782)	(179.3)%
Provision for income tax (current and deferred)	2,756,762	3,278,647	(15.9)%
Loss for the period	(2,061,701)	(6,014,429)	(65.7)%
Loss per share for the period			
Basic and fully diluted income (loss) per share	\$ (0.01)	\$ (0.03)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	205,570,940	190,777,592	

[Table of Contents](#)

We experienced a 7.9% increase in net revenue during the three months ended March 31, 2022, when compared to the three months ended March 31, 2021. The increase is attributable to the addition of revenue from the Planet 13 OC Superstore that was not open during the prior period and the addition of revenue from the recently acquired NGW cultivation operations in California, offset by a decline in net revenue from our operations in Nevada. The COVID-19 shutdowns and protocols relating to the Omicron surge impacted our tourist customer base and we saw a 10% decrease in customers during the quarter when compared to the three months ended March 31, 2021. Overall, net revenue grew by 7.9% during the three months ended March 31, 2022 when compared to the three months ended March 31, 2021. The increase in inflation, including the increase in the price of gasoline, reduced disposable income of our customers during the three months ended March 31, 2022 had an impact on the number of customers and tourists visiting the Planet 13 Las Vegas Superstore and our other retail locations during the three months ended March 31, 2022.

Details of net revenue by product category are as follows:

	Three Months Ended		Percentage Change
	March 31, 2022	March 31, 2021	
Flower	\$ 9,771,127	\$ 13,471,590	(27.5)%
Concentrates	7,501,540	5,406,505	38.8%
Edibles	5,028,813	2,792,455	80.1%
Topicals and Other Revenue	1,727,837	1,111,587	55.4%
Wholesale	1,665,078	1,034,071	61.0%
Net revenue	\$ 25,694,395	\$ 23,816,208	7.9%

Gross profit margin for the three months ended March 31, 2022 decreased to 50.2% from 54.7% when compared to the three months ended March 31, 2021. The decrease in gross profit margin for the three months ended March 31, 2022 was a result of additional wholesale revenue from the recently acquired NGW cultivation assets in California that have an inherently lower gross margin than retail sales revenue

The costs of internal cultivation have continued to trend down as we continue to improve our yields and cultivation efficiency across all of our cultivation facilities. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin, continued to have a positive impact on gross margins during the three months ended March 31, 2022, helping offset the lower margins received on the sale of wholesale product and the sales to local customers in the State of Nevada. We anticipate that margins will trend upward as tourist customers return to Las Vegas and the Planet 13 Las Vegas Superstore in greater numbers and through our ability to produce our award-winning brands in California and introduce those brands into our Planet 13 OC Superstore along with the recent introduction of NGW premium flower to the Planet 13 OC Superstore.

Our premium cultivation facilities were operating near capacity during the three months ended March 31, 2022, and March 31, 2021, respectively. The amount of cannabis grown during the period increased significantly when compared to the prior year period due to the addition of the 35,000 square feet of cultivation capacity that was added as part of the NGW acquisition on March 2, 2022. The wholesale flower market in California came under pressure due to excess supply of flower and biomass from the harvest of outdoor crops during the November 2021 to March 2022 period. Wholesale flower prices experienced significant decline during this period, impacting gross margins and revenue at our NGW cultivation facility during the period. The supply of wholesale flower in California appears to be stabilizing and we have seen increases in both demand and the price received for premium indoor grown flower in late April and early May 2022.

Overall gross margin was \$12,901,004 and \$13,034,727 for the three months ended March 31, 2022, and 2021 respectively, a decrease of 1.0%.

General and Administrative (“G&A”) expenses (which includes non-cash share-based compensation expenses,) increased by 69.1% during the three months ended March 31, 2022, when compared to the three months ended March 31, 2021. The large increase in G&A expenses incurred during the three months ended March 31, 2022, was a result of the addition of costs from the recently acquired NGW cultivation assets in California, increased costs incurred as a result of inflationary pressure on salary and wages and other costs during the period when compared to the prior year period and the addition of G&A expenses for the Planet 13 OC Superstore location that was not open during the prior year period as well as increased expenditures related to corporate initiatives (registration of the class of our Common Shares through filing a Form 10 registration statement with the SEC and merger and acquisition related fees incurred on the closing of the NGW acquisition) that were expensed during the three months ended March 31, 2022 when compared to the prior year period. Overall, excluding non-cash share-based compensation expenses and acquisition and other one-time professional fees incurred, G&A expenses as a percentage of revenue equalled 35.4% for the three months ended March 31, 2022, compared to 30.1% for the three months ended March 31, 2021.

[Table of Contents](#)

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

	Three Months Ended		Percentage change
	March 31, 2022	March 31, 2021	
Salaries and wages	\$ 4,784,344	\$ 3,448,129	38.8%
Executive compensation	673,614	499,336	34.9%
Licenses and permits	843,029	588,041	43.4%
Payroll taxes and benefits	1,170,454	682,042	71.6%
Supplies and office expenses	247,933	299,784	(17.3)%
Subcontractors	732,984	474,640	54.4%
Professional fees (legal, audit and other)	2,339,674	636,170	267.8%
Miscellaneous general and administrative expenses	639,164	1,142,701	(45.8)%
Share-based compensation expense	2,055,494	203,973	907.7%
	<u>\$ 13,486,691</u>	<u>\$ 7,974,816</u>	69.1%

Non-cash, share based compensation of \$2,055,494 was recognized during the three months ended March 31, 2022, increasing from \$203,973 incurred during the three months ended March 31, 2021. The increase can be attributable to the vesting schedule for both Restricted Share Units (“RSUs”) and incentive stock options that were previously granted, particularly the net 3,954,213 RSUs that were granted on April 18, 2021, that vest 1/3 on December 1, 2021, and 1/3 on the first and second anniversary of the first vesting date. These amounts are non-cash, and the expense is recognized in accordance with the vesting schedule of the underlying stock options and RSUs. See Note 12 to our audited consolidated financial statements filed with our Annual Report on Form 10-K for the year ended December 31, 2021 for additional details on the assumptions used to calculate fair value as well as information regarding the vesting of the various components of the non-cash share-based compensation.

Sales and marketing expenses decreased by 8.6% during the three months ended March 31, 2022, when compared to the prior year period. The decrease was a result of us continuing to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Planet 13 Las Vegas Superstore and the Planet 13 OC Superstore and our Medizin dispensary in Nevada.

Lease expense decreased by 21.4% during the three months ended March 31, 2022, when compared to the prior year period due to the Company receiving a financial incentive from the landlord of the Planet 13 OC Superstore during the three months ended March 31, 2022. We are amortizing this benefit over the remaining life of the lease.

Depreciation and Amortization increased 111.5% during the three months ended March 31, 2022, when compared to the prior year period because of the recording of depreciation on the NGW cultivation facility during the period as well as depreciation from the Planet 13 OC Superstore location, both of which were not owned/open during the prior year comparative period.

Interest income of \$27,353 during the three months ended March 31, 2022, compared to interest expense of \$7,158 during the three months ended March 31, 2021, relates to accrued interest on our long-term debt that is due and payable on demand offset by interest income earned on cash deposits. The balance of long-term debt as of March 31, 2022, was \$884,000 compared to \$884,000 as of December 31, 2021.

We conduct our operations in both the United States dollars and Canadian dollars, holding financial assets and incurring expenses in both currencies. On December 31, 2021, the value of the USD was USD\$1.00=CAD\$1.2678 compared to the value of the USD of USD\$1.00=CAD\$1.2496 at March 31, 2022 and averaged USD\$1.00=CAD\$1.2662 during the three months ended March 31, 2022, resulting in our realizing a foreign exchange gain of \$95,709 during the three months ended March 31, 2022 compared to a foreign exchange loss of \$829,635 during the prior year period. It is our policy not to hedge our CAD exposure.

Table of Contents

Warrants are accounted for in accordance with the applicable authoritative accounting guidance in ASC Topic 815, Derivatives and Hedging - Contracts in Entity's Own Equity ("ASC 815"), as derivative liabilities based on the specific terms of the warrant agreements. Liability-classified instruments are recorded at fair value at each reporting period with any change in fair value recognized as a component of change in fair value of derivative liabilities in the consolidated statements of operations and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are expensed immediately within other expenses (income) in the statements of net loss and comprehensive loss. During the three months ended March 31, 2022, the change in fair value of the warrants resulted in a gain of \$4,159,809 compared to a loss of (\$6,187,530) during the prior year period.

Other income, consisting of Automated Teller Machine ("ATM") fees, interest and other miscellaneous income was \$314,465 for the three months ended March 31, 2022, compared to \$62,897 for the three months ended March 31, 2021.

Transaction costs related to the issuance of warrants of \$0 were incurred during the three months ended March 31, 2022, compared to transaction costs of \$256,666 during the three months ended March 31, 2021. The transaction costs represent a portion of the issuance costs that were allocated to the issuance of warrants as part of the bought deal equity financings that were completed during the three months ended March 31, 2021.

The income tax expense for the three months ended March 31, 2022, was \$2,756,762 compared to \$3,278,647 for the prior year period. The tax expense decreased due to the decrease in taxable profitability during the period. We are subject to Section 280E of the Internal Revenue Code (the "Code"), which prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in certain controlled substances that are prohibited by federal law. We, to the extent of our "trafficking" activities, and/or key contract counterparties directly engaged in trafficking in cannabis, have incurred significant tax liabilities from the application of Section 280E. Our income tax obligations under Section 280E of the Code are typically substantially higher as compared to companies to which Section 280E does not apply. Section 280E essentially requires us to pay federal, and as applicable, state income taxes on gross profit, which presents a significant financial burden that increases our net loss and may make it more difficult for us to generate net profit and cash flow from operations in future periods. In addition, to the extent that the application of Section 280E creates a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to us, which would also have a material adverse effect on our business.

The overall net loss for the three months ended March 31, 2022, was \$2,061,071 ((\$0.01) per share) compared to an overall net loss of \$6,014,429 ((\$0.03) per share) for the three months ended March 31, 2021.

Segmented Disclosure

We operate in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in Nevada, and cultivation, retail dispensary and distribution operations in California.

Liquidity and Capital Resources

As of March 31, 2022, our financial instruments consist of cash, deposits, accounts payable and accrued liabilities, and notes payable. We have no speculative financial instruments, derivatives, forward contracts, or hedges.

As of March 31, 2022, we had working capital of \$68,825,761 compared to working capital of \$68,274,640 as of December 31, 2021. The Company has adequate liquidity in the form of cash on hand to fund all of its planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, including the planned expansion of a cultivation facility in Clark County, Nevada the planned build-out of our operations in Florida, further expansion of operations in Nevada and the potential build-out of an Illinois retail location.

The following table relates to the three months ended March 31, 2022, and 2021:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Cash flows provided by operating activities	2,960,740	3,793,326
Cash flows used in investing activities	(2,547,909)	(3,471,948)
Cash flows provided by financing activities	0	61,242,812

[Table of Contents](#)

Cash Flows from Operating Activities

Net cash provided by operating activities was \$2,960,740 for the three months ended March 31, 2022, compared to cash provided by operating activities of \$3,793,326 for the three months ended March 31, 2021. The decrease is primarily due to the net changes in non-cash working capital items, included income tax liability, which decreased as a result of cash payments for income taxes during the three months ended March 31, 2022, when compared to the three months ended March 31, 2021.

Cash Flows from Investing Activities

Net cash used in investing activities was \$2,547,909 for the three months ended March 31, 2022, compared to net cash used in investing activities of \$3,741,948 for the three months ended March 31, 2021. The decrease is due to lower amounts spent on capital expenditures during the period when compared to the three months ended March 31, 2021.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$0 for the three months ended March 31, 2022, compared to net cash provided by financing activities of \$61,242,812 for the three months ended March 31, 2021. The decrease was primarily related to no warrants or options being exercised during the period and no equity financings or private placements being completed during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021.

Capital Resources

We have a recent history of operating losses. It may be necessary for us to arrange for additional financing to meet our on-going growth initiatives.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

Should financing not be available, the Company has adequate liquidity in the form of cash on hand to fund all of its planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, including the planned expansion of a cultivation facility in Clark County, Nevada, the planned build-out of our operations in Florida, further expansion of operations in Nevada and the potential build-out of an Illinois retail location.

Capital Management

Our capital consists of shareholders' equity. Our objective when managing capital is to maintain adequate levels of funding to support the development of our businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance we will be able to raise funds in the future. We invest all capital that is surplus to our immediate operational needs in short-term, highly liquid, and high-grade financial instruments. There were no changes to our approach to capital management during the period. We are not subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of March 31, 2022, or as of December 31, 2021, or as of the date hereof.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires our management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There have been no material changes to our critical accounting estimates as set forth in Part II Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risk disclosures as set forth in Part II Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Co-Chief Executive Officers (“**Co-CEOs**”) and Chief Financial Officer (“**CFO**”), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of March 31, 2022, an evaluation was performed under the supervision and with the participation of our management, including the Co-CEOs and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our management concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2022.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control performed during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.