MANAGEMENT DISCUSSION AND ANALYSIS

OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Expressed in United States Dollars

Dated: May 9, 2024

The Management's Discussion and Analysis of Financial Condition and Results of Operations for Planet 13 Holdings Inc. is also included in the Form 10-Q for the three months ended March 31, 2024, filed on SEDAR+ on May 9, 2024, in its entirety.

Notice to Reader: An incomplete copy of this Management's Discussion and Analysis was filed on May 9, 2024 on SEDAR+. The complete version is being re-filed under the same SEDAR+ project.

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, 2024. It is supplemental to, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023, and the accompanying notes presented herein. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("**GAAP**"). Financial information presented in this MD&A is presented in United States dollars ("$", "USD" or "US$"), unless otherwise indicated.

In this MD&A, unless the context otherwise requires, the terms "**we**," "**us**," "**our**," "**Company**," or "**Planet 13**" refer to Planet 13 Holdings Inc. together with its wholly-owned subsidiaries.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Disclosures 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 a conditional dispensing 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 fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission ("**SEC**") on March 13, 2024.

As of March 31, 2024, we employed approximately 630 people and remain focused on providing our customers with the best products, best services, and an experiential shopping experience at our superstore-themed dispensaries, while expanding our products and sales through neighborhood stores. Each of our state operations is held in state-focused subsidiaries: (a) Newtonian Principles, Inc. for California licensed cannabis dispensing and distribution activities, (b) Next Green Wave, LLC for California licensed cannabis cultivation, production and distribution activities, (c) MM Development Company, Inc. for all licensed Nevada cannabis cultivation, production, distribution, and dispensing activities, (d) Planet 13 Florida, Inc. ("**Planet 13 Florida**") which holds our Florida Medical Marijuana Treatment Center ("**MMTC**") license, and (e) Planet 13 Illinois, LLC ("**Planet 13 Illinois**") which holds a conditional 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, 2024, 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 45,000 square feet co-located with our production license at that facility, and one small indoor rural site in Beatty, Nevada that is expandable up to 2,300,000 square feet of greenhouse located on 80-acres owned by us, also co-located with our production license at that facility, and (e) one cannabis distribution license.

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

California

As of March 31, 2024, we held the following licensed operations in California: (a) an adult-use and medical 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) an adult-use medium indoor cultivation license co-located with a distribution license at our 35,000 square foot facility in Coalinga, and (c) an adult-use manufacturer Type 6 license at a 4,000 square foot facility in Coalinga.

Florida

As of March 31, 2024, we are continuing capital outlays to utilize our Florida MMTC license. 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, 2024, there were 25 companies with MMTC licenses in Florida, several 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.

On July 1, 2022, we, through our subsidiary Planet 13 Florida, closed on a $3,300,000 purchase of a 23-acre parcel of real property, inclusive of a 10,500 square foot building, near Ocala, Florida. The property was previously leased by Planet 13 Florida, and has received Florida OMMU approvals for cultivation, processing, and dispensing activities.

As part of our Florida expansion, as of the date of this report, we have entered into three leases for dispensing locations in Florida, which remain subject to completion of tenant improvements and regulatory inspection prior to sales to customers.

See Recent Developments for further information related to the Company's Florida operations and its planned sale of Planet 13 Florida Inc and the acquisition of VidaCann, LLC.

Illinois

On August 5, 2021, Planet 13 Illinois, in which we then held 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. The conditional license was issued to Planet 13 Illinois on July 22, 2022. We previously owned 49% of Planet 13 Illinois with 51% owned by Frank Cowan, but on February 7, 2023, we exercised and closed on our option to purchase Mr. Cowan's 51% interest in Planet 13 Illinois for $866,250 in cash and 1,063,377 in common shares of the Company.

On February 3, 2023, the Company, through its wholly owned subsidiary Planet 13 Chicago, LLC, closed on the purchase of a $2,500,000 real property for a proposed dispensing location in Waukegan, Illinois, for an approximately 8,000 square foot building on 1.9 acres, previously occupied by a financial institution tenant. On November 1, 2022, the Company provided notice of this site selection to the Illinois cannabis regulator. The town of Waukegan is suburb of the greater Chicago area and close to the Illinois-Wisconsin state border. We have commenced construction of the dispensary and anticipate that it will be operational in late 2023.

COVID-19 Pandemic Update for First Quarter 2024

The long-term economic impact of COVID-19 remains unknown and may result in significant impact or changes to ongoing international or national fiscal or enforcement policies, inflation, supply chains, customer purchasing and shopping habits, and other key metrics, any of which could have a significant or material negative effect on the Company.

Recent Developments

The following are recent developments occurring in the three months ended March 31, 2024, and following that period until the filing date of this Form 10-Q:

March 2024 Public Offering

On March 5, 2024, Planet 13 Holdings Inc. (the "**Company**") entered into an underwriting agreement (the "**Underwriting Agreement**") with Canaccord Genuity LLC (the "**Representative**"), as representative of the several underwriters set forth on Schedule A to the Underwriting Agreement (the "**Underwriters**") relating to a public offering (the "**Offering**") of 18,750,000 units (the "**Units**"), each consisting of one share (the "**Shares**") of the Company's common stock, no par value (the "Common Stock"), and one warrant to purchase one share of Common Stock (the "**Warrants**"). The Units were sold at a public offering price of $0.60 per Unit. The Warrants have a five-year term and an exercise price of $0.77 per share of Common Stock. The Units do not have any standalone rights and were not issued as stand-alone securities. The Shares and the Warrants were issued separately but could only be purchased together in the Offering.

Under the terms of the Underwriting Agreement, the Company granted the Underwriters a 30-day option to purchase up to 2,812,500 additional shares of Common Stock and/or up to 2,812,500 additional warrants, each warrant to purchase one share of Common Stock, at the public offering price less the underwriting discount.

The Company estimates the net proceeds from the Offering will be approximately $9.825 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company and excluding any proceeds the Company may receive upon exercise of the Warrants. The Offering closed on March 7, 2024.

The Offering was made pursuant to the Company's effective registration statement on Form S-3 (Registration Statement No. 333-274829) (the "**Registration Statement**") previously filed with and declared effective by the Securities and Exchange Commission (the "**SEC**") on October 17, 2023, as supplemented by a preliminary prospectus supplement, dated March 4, 2024, and a final prospectus supplement, dated March 5, 2024, filed with the SEC (the "**Prospectus Supplement**").

On March 7, 2024, the Company entered into a warrant agency agreement with the Company's transfer agent, Odyssey Transfer US Inc. ("**Odyssey**"), which will also act as the warrant agent for the Company, setting forth the terms and conditions of the Warrants sold in the Offering (the "**Warrant Agreement**").

The exercise price of the Warrants is subject to appropriate adjustment (i) in the event of certain stock dividends and stock splits, stock combinations, recapitalizations or similar events affecting the Common Stock, or (ii) upon any distributions of assets, including indebtedness, security, rights or warrants to subscribe for or purchase any security or other assets to the Company's stockholders.

No holder of Warrants will have the right to exercise any portion of the Warrants to the extent that after giving effect to such exercise, the holder would beneficially own in excess of 4.99% (or, upon election by a holder prior to the issuance of any Warrants, 9.99%) of the outstanding shares of the Common Stock calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended.

A copy of the Warrant Agreement is filed as Exhibit 4.1 to our Form 8-K filed on March 7, 2024 and is incorporated herein by reference, and a copy of the form of warrant to purchase common stock is filed as Exhibit 4.2 to our Form 8-K filed on March 7, 2024 and is incorporated herein by reference. The foregoing description of the terms of the Warrants does not purport to be complete and is qualified in its entirety by reference to such exhibits. The Warrant Agreement and the form of warrant to purchase common stock are also filed with reference to, and are hereby incorporated by reference into, the Registration Statement.

Opening of DAZED! Consumption Lounge

On April 5, 2024, we opened DAZED!, our cannabis consumption lounge, which is located inside the Planet 13 Entertainment Complex in Las Vegas, Nevada. DAZED! is a first-of-its-kind, 3,000 square foot, high-end consumption lounge featuring VIP booths, expertly crafted canna-cocktails, and top-tier entertainment.

Sale of Planet 13 Florida; VidaCann Acquisition

On May 6, 2024, we closed the previously announced sale of Planet 13 Florida Inc. ("**Planet 13 Florida**"), following the previously announced approval from the Florida Office of Medical Marijuana Use on April 26, 2024. We sold 100% of our equity interests of Planet 13 Florida in exchange for US$9,000,000. The sale of Planet 13 Florida is a condition to the closing of our pending acquisition ("**Acquisition**") of VidaCann, LLC ("**VidaCann**"), a Florida Medical Marijuana Treatment Center, which will add the following to the Planet 13 portfolio: 26 medical dispensaries, 272,000 square feet of canopy space located on a 160-acre parcel of land which will allow for as much expansion of cultivation and manufacturing activities as needed, and a 7,000 square-foot manufacturing facility. Pursuant to the Acquisition, we will acquire VidaCann for approximately US$59 million, consisting of: (i) 78,461,538 common shares of Planet 13; (ii) US$4 million in cash; and (iii) US$5 million aggregate principal amount of promissory notes, with each of the above components subject to subject to adjustments as set out in the Membership Interest Purchase Agreement. We expect to close the Acquisition as soon as practicable in May 2024.

We intend to continue building on VidaCann's track record of success by adding indoor cultivation to widen the selection at VidaCann stores. We will also bring our award-winning and hugely successful Nevada brands to Florida to continue improving per-store economics. In addition to enhancing per-store revenue generation, we expect to selectively add stores to round out coverage of VidaCann's network and explore adding SuperStores to tier-one tourist destinations based on impending adult-use legislation.

Results of Operations

Expressed in USD$	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Percentage Change
Revenue			
Net revenue	22,877,471	24,915,396	(8.2)%
Cost of Goods Sold	(12,392,992)	(14,032,585)	(11.7)%
Gross Profit	10,484,479	10,882,811	(3.7)%
Gross Profit Margin %	45.8%	43.7%	
Expenses			
General and Administrative	10,024,787	10,955,007	(8.5)%
Sales and Marketing	1,290,737	1,335,740	(3.4)%
Lease expense	774,946	784,636	(1.2)%
Impairment loss	—	—	-
Depreciation and Amortization	2,059,023	2,235,464	(7.9)%
Total Expenses	14,149,493	15,310,847	(7.6)%
Income (Loss) From Operations	(3,665,014)	(4,428,036)	(17.2)%
Other Income (Expense):			
Interest expense, net	24,562	116,351	(78.9)%
Foreign exchange gain (loss)	(3,097)	1,887	(264.1)%
Change in fair value of warrants	—	18,127	(100.0)%
Other income	113,749	144,609	(21.3)%
Total Other Income	135,214	280,974	(51.9)%
Loss for the period before tax	(3,529,800)	(6,147,062)	(42.6)%
Provision for income tax (current and deferred)	2,343,969	2,333,087	0.5%
Loss for the period	(5,873,769)	(8,480,149)	(30.7)%
Loss per share for the period			
Basic and fully diluted income (loss) per share	$ (0.03)	$ (0.04)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	228,437,545	221,084,457	

We experienced an 8.2% decrease in net revenue during the three months ended March 31, 2024 when compared to the three months ended March 31, 2023. The decrease is primarily attributable to a reduction in the number of customers at our Planet 13 Las Vegas Superstore location compared to the prior year periods, partially offset by an increase in wholesale revenue from the NGW cultivation operations in California, and an increase in net wholesale revenue in Nevada. Overall, net revenue decreased by $2,037,925 during the three months ended March 31, 2024 when compared to the three months ended March 31, 2023. We believe that a potential economic downturn and increase in inflation, including the increase in the price of gasoline and the increase in interest rates, combined to reduce the disposable income of our customers during the three months ended March 31, 2024 and also 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, 2024 when compared to the prior year period.

Details of net revenue by product category are as follows:

	Three Months Ended		
	March 31, 2024	March 31, 2023	**Percentage Change**
Flower	$ 7,230,167	$ 7,502,396	(3.6)%
Concentrates	7,021,713	6,975,107	0.7%
Edibles	3,799,037	4,657,293	(18.4)%
Topicals and Other Revenue	986,747	1,218,170	(19.0)%
Wholesale	3,839,807	4,562,430	(15.8)%
Net revenue	$ 22,877,471	$ 24,915,396	(8.2)%

Gross profit margin for the three months ended March 31, 2024 was 45.8% compared to 43.7% for the three months ended March 31, 2023 The increase in gross profit margin for the three months ended March 31, 2024 was a result of a decrease in retail sales incentives during the period, partially offset by the increase in wholesale revenue, both from our Nevada and California wholesale operations, 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, that were sold in our own stores continued to have a positive impact on gross margins during the three months ended March 31, 2024, helping to partially offset the lower margins received on the sale of wholesale product and sales to local customers in the State of Nevada. We anticipate that margins will trend upward if and when 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.

Our premium cultivation facilities were operating near capacity during the three months ended March 31, 2024 and March 31, 2023, respectively. The amount of cannabis grown during the period increased when compared to the prior year period due to higher yields across all of our cultivation facilities during the period. The wholesale flower market in California continues to stabilize and we have seen increases in both demand and the price received for premium indoor grown flower during the three months ended March 31, 2024.

Overall gross profit was $10,484,479 and $10,882,811 for the three months ended March 31, 2024 and 2023 respectively, a decrease of 3.7%. General and Administrative (“**G&A**”) expenses (which include non-cash share-based compensation expenses) decreased by 8.5% during the three months ended March 31, 2024 when compared to the three months ended March 31, 2023. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 43% for the three months ended March 31, 2024, compared to 41.1% for the three months ended March 31, 2023.

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

	Three Months Ended		
	March 31, 2024	March 31, 2023	**Percentage Change**
Salaries and wages	$ 3,665,242	$ 3,670,072	(0.1)%
Share-based compensation expense	104,338	720,991	(85.5)%
Executive compensation	632,362	731,177	(13.5)%
Licenses and permits	561,616	641,602	(12.5)%
Payroll taxes and benefits	973,275	872,173	11.6%
Supplies and office expenses	240,820	319,086	(24.5)%
Subcontractors	117,219	506,787	(76.9)%
Professional fees (legal, audit and other)	2,171,039	2,211,799	(1.8)%
Miscellaneous general and administrative expenses	1,558,876	1,281,320	21.7%
	$ 10,024,787	$ 10,955,007	(8.5)%

Non-cash, share based compensation of $104,338 was recognized during the three months ended March 31, 2024, decreasing from $720,991 that was recognized during the three months ended March 31, 2023. The decrease is 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 vested 1/3 on December 1, 2021 and 1/3 on December 1, 2022, and 1/3 on December 1, 2023. Compared to the 485,185 RSU's granted on March 22, 2024, of which 185,185 that vested immediately. 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, 2023, 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 3.4% or $45,003 during the three months ended March 31, 2024, when compared to the three months ended March 31, 2023. The increase was a result of us continuing to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Planet 13 Las Vegas Superstore, the Planet 13 OC Superstore, and the Medizin dispensary in Nevada.

Lease expense decreased by 1.2% during the three months ended March 31, 2024, when compared to the three months ended March 31, 2023 due to slight decreases in number of leases and contracted lease rates for the Company's leased properties during the period.

Depreciation and amortization decreased 7.9% during the three months ended March 31, 2024, when compared to the prior year period.

Interest income, net was $24,562 earned during the three months ended March 31, 2024, compared to interest income, net of $116,351 earned during the three months ended March 31, 2023. Interest income is net of interest expense related to accrued interest on our long-term debt that is due and payable on demand. The balance of long-term debt as of March 31, 2024, was $884,000 compared to $884,000 as of December 31, 2023. Interest is being accrued on this note at a rate of 5% per annum.

We conduct our operations in both United States dollars and Canadian dollars, holding financial assets and incurring expenses in both currencies, holding all of our currency in US Dollars. The foreign currency gains/losses reflect fluctuations in the underlying exchange rates on the dates expenses are incurred compared to when they are paid. During the three months ended March 31, 2023 the Company also incurred FX losses on CAD$ deposits held at financial institutions in Canada, all of which have been transfer to USD deposits as of March 31, 2024. It is our policy not to hedge our CAD exposure.

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, 2024, the change in fair value of the warrants resulted in a gain of $0 (gain of $18,127 during the three months ended March 31, 2024).

Other income (expense), consisting of Automated Teller Machine fees, and other miscellaneous income/expense was income of $113,749 for the three months ended March 31, 2024, compared to other income of $144,609 for the three months ended March 31, 2023.

Income tax expense for the three months ended March 31, 2024, was $2,343,969 compared to $2,333,087 for the prior year period. The tax expense decreased due to the decrease in taxable profitability during the three months ended March 31, 2024, when compared to the three months ended March 31, 2023. We are subject to Section 280E of the Internal Revenue Code (the "**Code**"), which prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in certain controlled substances that are prohibited by federal law. We, to the extent our "trafficking" activities, and/or key contract counterparties directly engaged in trafficking in cannabis, have incurred significant tax liabilities from the application of Section 280E. Our income tax obligations under Section 280E of the Code are typically substantially higher as compared to companies to which Section 280E does not apply. Section 280E essentially requires us to pay federal, and as applicable, state income taxes on gross profit, which presents a significant financial burden that increases our net loss and may make it more difficult for us to generate net profit and cash flow from operations in future periods. In addition, to the extent that the application of Section 280E creates a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to us, which would also have a material adverse effect on our business.

The overall net loss for the three months ended March 31, 2024, was $5,873,769 (($0.03) per share) compared to an overall net loss of $8,480,149 (($0.04) per share) for the three months ended March 31, 2023.

Segmented Disclosure

The Company determined that each of its locations represents an operating segment. These operating segments have been aggregated into a single reportable segment as the Company operates as a vertically integrated cannabis company with dispensary, cultivation, production and distribution operations in the State of Nevada and dispensary, cultivation and distribution operations in the State of California.

Liquidity and Capital Resources

As of March 31, 2024, 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, 2024, we had working capital of $36,446,097 compared to working capital of $23,021,292 as of December 31, 2023. The Company believes that it has adequate liquidity in the form of cash on hand to fund all its planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, the planned build-out of its operations in Florida, and the further expansion of operations in Nevada and California.

The following table relates to the three months ended March 31, 2024 and 2023:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Cash flows used in operating activities	(1,430,951)	(7,346,140)
Cash flows used in investing activities	(2,942,596)	(4,519,623)
Cash flows provided by financing activities	9,913,856	-

Cash Flows from Operating Activities

Net cash used in operating activities was $1,430,951 for the three months ended March 31, 2024, compared to cash used in operating activities of $7,346,140 for the three months ended March 31, 2023. A significant portion of the decrease in cash used in operating activities is directly attributable to a reduction in net loss for the period and the net change in certain working capital items during the three months ended March 31, 2024, when compared to the three months ended March 31, 2023.

Cash Flows from Investing Activities

Net cash used in investing activities was $2,942,596 for the three months ended March 31, 2024, compared to net cash used in investing activities of $4,519,623 for the three months ended March 31, 2023. The cash used in investing activities for the three months ended March 31, 2024 decreased by $1,577,027 as a result of the timing of development projects that were in process during the 2024 period when compared to the three months ended March 31, 2023.

Cash Flows from Financing Activities

Net cash provided by financing activities was $9,913,856 during the three months ended March 31, 2024, compared to net cash provided by financing activities of $nil for the three months ended March 31, 2023.

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 build-out of its operations in Florida and the continuing build-out of its 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. 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, 2024, or as of December 31, 2023, 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 7 of our Annual Report on Form 10-K for the year ended December 31, 2023.

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