MANAGEMENT DISCUSSION AND ANALYSIS

OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

Expressed in United States Dollars

Dated: August 8, 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 and six months ended June 30, 2024, filed on SEDAR+ on August 8, 2024, 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 and six months ended June 30, 2024. It is supplemental to, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 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 June 30, 2024, we employed approximately 1,000 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) VidaCann, LLC ("**VidaCann**") which holds our Florida Medical Marijuana Treatment Center ("**MMTC**") license, and (e) Planet 13 Illinois, LLC ("**Planet 13 Illinois**") which holds our 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 June 30, 2024, we held the following licensed cannabis operations in Nevada: (a) one dispensary superstore adjacent to the Las Vegas Strip with 24,000 square feet of licensed dispensary (the "**Planet 13 Las Vegas Superstore**"), (b) one "neighborhood store" at 2,300 square feet of licensed dispensary (the "**Medizin dispensary**"), (c) one 2,300 square foot consumption lounge co-located with the Planet 13 Las Vegas Superstore, (d) three 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, (e) three 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 (f) one 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 June 30, 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 June 30, 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 June 30, 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.

See Recent Developments for further information related to the Company's Florida operations and its 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 dispensing location in Waukegan, Illinois, for an approximately 8,000 square foot building on 1.9 acres, previously occupied by a financial institution tenant. The dispensary opened on December 4, 2023. The town of Waukegan is suburb of the greater Chicago area and close to the Illinois-Wisconsin state border.

COVID-19 Pandemic Update for Second 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 June 30, 2024, and following that period until the filing date of this Form 10-Q:

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. On May 10, 2024, we formally closed our acquisition ("**Acquisition**") of VidaCann, LLC ("**VidaCann**") that had closed escrow on May 9, 2024, a Florida Medical Marijuana Treatment Center, which added 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 acquired VidaCann for approximately US$63.4 million, consisting of: (i) 81,872,252 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, as more fully described in the Current Report on Form 8-K filed with the SEC on May 14, 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 the outcome of the adult-use ballot initiative in Florida scheduled for the November 5, 2024 election.

Results of Operations

Expressed in USD$	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Percentage Change
Revenue			
Net revenue	31,088,254	25,832,711	20.3%
Cost of Goods Sold	(15,251,527)	(13,950,477)	9.3%
Gross Profit	15,836,727	11,882,234	33.3%
Gross Profit Margin %	50.9%	46.0%	
Expenses			
General and Administrative	12,277,708	11,271,370	8.9%
Sales and Marketing	1,517,640	1,332,498	13.9%
Lease expense	1,045,611	794,389	31.6%
Impairment loss	2,393,087	—	-
Depreciation and Amortization	2,145,048	1,986,578	8.0%
Total Expenses	19,379,094	15,384,835	26.0%
Income (Loss) From Operations	(3,542,367)	(3,502,601)	1.1%
Other Income (Expense):			
Interest income, net	84,580	32,544	159.9%
Foreign exchange gain (loss)	(6,945)	4,229	(264.2)%
Other income (expense), net	(557,479)	1,712,598	(132.6)%
Total Other Income	(479,844)	1,749,371	(127.4)%
Loss for the period before tax	(4,022,211)	(1,753,230)	129.4%
Provision for income tax (current and deferred)	4,050,935	2,862,857	41.5%
Loss for the period	(8,073,146)	(4,616,087)	74.9%
Loss per share for the period			
Basic and fully diluted income (loss) per share	$ (0.03)	$ (0.02)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	289,175,997	221,791,320	

Expressed in USD$	Six Months Ended June 30, 2024	June 30, 2023	Percentage Change
Revenue			
Net revenue	53,965,725	50,748,107	6.3%
Cost of Goods Sold	(27,644,519)	(27,983,062)	(1.2)%
Gross Profit	26,321,206	22,765,045	15.6%
Gross Profit Margin %	48.8%	44.9%	
Expenses			
General and Administrative	22,302,495	22,226,376	0.3%
Sales and Marketing	2,808,377	2,668,237	5.3%
Lease expense	1,820,557	1,579,025	15.3%
Impairment loss	2,393,087	—	-
Depreciation and Amortization	4,204,071	4,222,042	(0.4)%
Total Expenses	33,528,587	30,695,680	9.2%
Income (Loss) From Operations	(7,207,381)	(7,930,635)	(9.1)%
Other Income (Expense):			
Interest income, net	109,142	148,894	(26.7)%
Foreign exchange gain (loss)	(10,042)	6,116	(264.2)%
Change in fair value of warrants	—	18,127	(100.0)%
Other income (expense), net	(443,730)	1,857,205	(123.9)%
Total Other Income	(344,630)	2,030,342	(117.0)%
Loss for the period before tax	(7,552,011)	(7,900,293)	(4.4)%
Provision for income tax (current and deferred)	(6,394,904)	(5,195,944)	23.1%
Loss for the period	(13,946,914)	(13,096,237)	6.5%
Loss per share for the period			
Basic and fully diluted income (loss) per share	$ (0.05)	$ (0.06)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	258,806,771	221,439,841	

We experienced an increase in net revenue of 20.3% during the three months ended June 30, 2024 and an increase of 6.3% during the six months ended June 30, 2024 when compared to the three and six months ended June 30, 2023. The increase is primarily attributable to the acquisition of VidaCann that closed on May 10, 2024. The results for the six months ended June 30, 2024 include six weeks of VidaCann operations that were not owned by the Company in the prior year period. The addition of revenue from the VidaCann operations more than offset the reduction in the number of customers and size of the average ticket at our Planet 13 Las Vegas Superstore location compared to the prior year periods. Wholesale revenue in California and Nevada decreased by $1,017,241 during the three months ended June 30, 2024 and decreased by $1,730,865 during the six months ended June 30, 2024 when compared to the prior year periods. Overall, net revenue increased by $5,255,543 during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023, and revenue increased by $3,217,618 during the six months ended June 30, 2024 when compared to the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2024 when compared to the prior year period. These declines were more than offset by the inclusion of 6 weeks of operations from VidaCann.

Details of net revenue by product category are as follows:

	Three Months Ended		
	June 30, 2024	June 30, 2023	**Percentage Change**
Flower	$ 11,580,127	$ 8,508,916	36.1%
Concentrates	9,616,344	7,134,512	34.8%
Edibles	5,033,261	4,301,583	17.0%
Topicals and Other Revenue	1,393,989	1,405,926	(0.8)%
Wholesale	3,464,533	4,481,774	(22.7)%
Net revenue	$ 31,088,254	$ 25,832,711	20.3%

	Six Months Ended		
	June 30, 2024	June 30, 2023	**Percentage Change**
Flower	$ 18,810,294	$ 16,011,313	17.5%
Concentrates	16,638,057	14,109,618	17.9%
Edibles	8,832,298	8,958,876	(1.4)%
Topicals and Other Revenue	2,380,736	2,633,096	(9.6)%
Wholesale	7,304,340	9,035,205	(19.2)%
Net revenue	$ 53,965,725	$ 50,748,107	6.3%

Gross profit margin for the three months ended June 30, 2024 was 50.9% compared to 46.0% for the three months ended June 30, 2023 and was 48.8% for the six months ended June 30, 2024 compared to 44.9% for the six months ended June 30, 2023. The increase in gross profit margin for the three and six months ended June 30, 2024 was a result of a decrease in retail sales incentives during the period and a reduction in the level of 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 and six months ended June 30, 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. Margins on retail sales from the 6 weeks of VidaCann LLC operations also had a positive impact on the overall level of gross margins. 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 store and across the Florida store network.

Our premium cultivation facilities were operating near capacity during the three and six months ended June 30, 2024 and June 30, 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 and six months ended June 30, 2024. The VidaCann cultivation operations were also operating at or near capacity during the 6 weeks that they were owned by Planet 13. We have begun implementing improvements to the Florida cultivation operations which should increase the availability of premium flower and other products across the Florida store network.

Overall gross profit was $15,836,727 and $11,882,234 for the three months ended June 30, 2024 and 2023 respectively, an increase of 33.3%, and was $26,321,206 and $22,765,045 for the six months ended June 30, 2024 and 2023, respectively, an increase of 15.6%. General and Administrative ("**G&A**") expenses (which include non-cash share-based compensation expenses) increased by 8.9% during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023 and increased by 0.3% for the six months ended June 30, 2024 compared to June 30, 2023.Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 39.4% for the three months ended June 30, 2024, (41.1% for the six months ended June 30, 2024) compared to 41.3% for the three months ended June 30, 2023. (41.2% for the six months ended June 30, 2023).

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

	Three Months Ended		
	June 30, 2024	June 30, 2023	**Percentage Change**
Salaries and wages	$ 5,087,103	$ 3,874,046	31.3%
Share-based compensation expense	25,139	602,627	(95.8)%
Executive compensation	671,876	736,104	(8.7)%
Licenses and permits	590,784	609,844	(3.1)%
Payroll taxes and benefits	993,755	857,998	15.8%
Supplies and office expenses	99,117	347,112	(71.4)%
Subcontractors	64,823	525,175	(87.7)%
Professional fees (legal, audit and other)	2,692,175	2,373,634	13.4%
Miscellaneous general and administrative expenses	2,052,936	1,344,830	52.7%
	$ 12,277,708	$ 11,271,370	8.9%

	Six Months Ended		
	June 30, 2024	June 30, 2023	**Percentage Change**
Salaries and wages	$ 8,752,345	$ 7,544,118	16.0%
Share-based compensation expense	129,477	1,323,618	(90.2)%
Executive compensation	1,304,238	1,467,281	(11.1)%
Licenses and permits	1,152,400	1,251,446	(7.9)%
Payroll taxes and benefits	1,967,030	1,730,171	13.7%
Supplies and office expenses	339,937	666,198	(49.0)%
Subcontractors	182,042	1,031,962	(82.4)%
Professional fees (legal, audit and other)	4,863,214	4,585,433	6.1%
Miscellaneous general and administrative expenses	3,611,812	2,626,149	37.5%
	$ 22,302,495	$ 22,226,376	0.3%

Non-cash, share-based compensation of $25,139 was recognized during the three months ended June 30, 2024, decreasing from $602,627 that was recognized during the three months ended June 30, 2023. During the six months ended June 30, 2024, non-cash, share-based compensation expense of $129,477 was recognized compared to $1,323,618 for the six months ended June 30, 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 RSUs granted on March 22, 2024, of which 185,185 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 increased by 13.9% or $185,142 during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023, (increased by 5.3% or $140,140 for the six months ended June 30, 2024, when compared to the three months ended June 30, 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 as well as the addition of sales and marketing activities related to our Florida operations.

Lease expense increased by 31.6% during the three months ended June 30, 2024, when compared to the three months ended June 30, 2023 (increased 15.3% during the six months ended June 30, 2024, compared to the six months ended June 30, 2023) due to the addition of a number of Florida locations as well as increases in the amount of contracted lease rates for our leased properties during the period.

Depreciation and amortization increased by 8.0% during the three months ended June 30, 2024, when compared to the prior year period (decreased 0.4% during the six-month period) as a result of the acquisition of VidaCann.

We recorded an impairment loss of $2,393,087 for the three and six months ended June 30, 2024 ($0 for the three and six months ended June 30, 2023) related to the write-down to net realizable value of construction in process assets for a steel building kit structure at our Florida operations that is no longer going to be used in the operations.

Interest expense, net was $84,580 incurred during the three months ended June 30, 2024, compared to interest expense, net of $32,544 incurred during the three months ended June 30, 2023 (interest expense, net was $109,142 and $148,894 for the six months ended June 30, 2024 and 2023, respectively). Interest expense is related to accrued interest on our long-term debt that is due and payable on demand. The balance of long-term debt as of June 30, 2024, was $10,331,632 compared to $884,000 as of December 31, 2023.

We conduct our operations in both United States dollars and Canadian dollars, holding financial assets and incurring expenses in both currencies, and 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. 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 and six months ended June 30, 2024, the change in fair value of the warrants resulted in a gain of $0 (gain of $18,127 during the six months ended June 30, 2023).

Other income (expense), consisting of a loss on transaction costs relating to the sale of Planet 13 Florida, Automated Teller Machine ("**ATM**") fees, and other miscellaneous income/expense was income of $557,479 for the three months ended June 30, 2024, compared to other income consisting of a gain on Employee Retention Credits, ATM fees, and other miscellaneous income/expense of $1,712,598 for the three months ended June 30, 2023.

Income tax expense for the three months ended June 30, 2024, was $4,050,935 compared to $2,862,857 for the prior year period. Income tax expense was $6,394,904 for the six months ended June 30, 2024 compared to $5,195,944 for the six months ended June 30, 2023. The tax expense increased due to the increase in taxable profitability during the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 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 June 30, 2024, was $8,073,146 (($0.03) per share) compared to an overall net loss of $4,616,087 (($0.02) per share) for the three months ended June 30, 2023. The overall net loss for the six months ended June 30, 2024 was $13,946,914 (($0.05) per share) compared to an overall net loss of $13,096,237 (($0.06) per share) for the six months ended June 30, 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; dispensary, cultivation and distribution operations in the State of California; dispensary operations in the State of Illinois; and vertically integrated dispensary, cultivation, and production operations in the State of Florida.

Liquidity and Capital Resources

As of June 30, 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 June 30, 2024, we had working capital of $23,821,900 compared to working capital of $32,021,292 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 six months ended June 30, 2024 and 2023:

	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash flows provided by operating activities	$ 3,762,921	$ (9,168,308)
Cash flows provided by investing activities	1,223,971	(4,896,224)
Cash flows provided by financing activities	6,451,874	(267,526)

Cash Flows from Operating Activities

Net cash provided by operating activities was $3,762,921 for the six months ended June 30, 2024, compared to cash used in operating activities of $9,168,308 for the six months ended June 30, 2023. A significant portion of the increase in cash provided by operating activities is directly attributable to the net change in certain working capital items during the six months ended June 30, 2024, when compared to the six months ended June 30, 2023.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities was $1,223,971 for the six months ended June 30, 2024, compared to net cash used in investing activities of $4,896,224 for the six months ended June 30, 2023. The cash provided by investing activities for the six months ended June 30, 2024 was a result of the net cash received after factoring in the sale of Planet 13 Florida during the period that more than offset the cash used on the purchase of property and equipment during the period. No such cash inflow occurred during the prior year period.

Cash Flows from Financing Activities

Net cash provided by financing activities was $6,451,874 during the six months ended June 30, 2024, compared to net cash used in financing activities of $267,526 for the six months ended June 30, 2023. The increase was a result of the net cash proceeds received on the closing of an equity financing in March 2024 offset by cash used in the acquisition of VidaCann.

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 June 30, 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.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]