MANAGEMENT DISCUSSION AND ANALYSIS

OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025
Expressed in United States Dollars

Dated: March 25, 2026

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-K for the year ended December 31, 2025, filed on SEDAR+ on March 25, 2026, in its entirety.

Item 7. 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 years ended December 31, 2025 and 2024. It is supplemental to, and should be read in conjunction with, our audited annual consolidated financial statements for the years ended December 31, 2025 and 2024, and the accompanying notes presented herein. Our consolidated 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 Annual Report on Form 10-K. 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, Florida and Illinois. We are headquartered in Las Vegas, Nevada. A detailed description of our corporate history and our business can be found above in Item 1.

As of December 31, 2025, we employed approximately 700 people and remain focused on providing our customers with the best products, best services, and an experiential shopping experience at our superstore-themed dispensary 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) VidaCann LLC. ("**VidaCann**") which holds our Florida Medical Marijuana Treatment Center ("**MMTC**") license, and (e) Planet 13 Illinois, LLC ("**Planet 13 Illinois**") which holds 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 December 31, 2025, 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 Las Vegas SuperStore Entertainment complex 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 a 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 and (f) one cannabis consumption license operating as DAZED! Consumption lounge, a 3,000 square foot location inside the Planet 13 Las Vegas Superstore Entertainment complex. Of the three Nevada cultivation facilities, The Company is currently only utilizing the one, 45,000 sq ft shared use cultivation/production facility, while the other two facilities are dark and reserved for future expansion, or potential sale.

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

California

As of December 31, 2025, 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) 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.

The Company entered into a definitive agreement to sell its adult use dispensary superstore assets in Santa Ana, including the distribution license, which is pending regulatory approval as of December 31, 2025.

Florida

As of December 31, 2025, we are continuing capital outlays to utilize our Florida MMTC license issued by the Florida Department of Health that was acquired through our acquisition of VidaCann. 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 December 31, 2025 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. On September 15, 2023, we recorded an impairment charge of $32,750,466 against our previously acquired Florida MMTC License to reflect the value of the Florida MMTC License as of the date we domesticated to Nevada. We recognized an additional impairment of $7,197,418, that brought the carrying value of our Florida MMTC License to $9,000,000, as of December 31, 2023. The amount was equal to the sale price negotiated with a third party who acquired the license from us on May 6, 2024, prior to us closing the acquisition of VidaCann on May 10, 2024. The VidCann acquisition added a cultivation and processing facility, a production facility and a twenty-six (26) retail store network, to which we have added four (4) additional locations, bringing the total number of medical dispensaries we operate in Florida to thirty (30)

On July 1, 2022, we, through our subsidiary Planet 13 Florida, Inc., closed on a $3,300,000 USD purchase of a 23-acre parcel of real property, inclusive of a 10,500 square foot building, near Ocala, Florida. The property was previously received Florida OMMU approvals for cultivation, processing, and dispensing activities. The location was leased to another MMTC licensed operator as part of the sale. of the MMTC license described above, for a nominal amount. The lease was terminated on March 1, 2025 and the property is currently listed for sale.

As part of our Florida expansion, as of the date of this report, we have entered into four leases for additional 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 our acquisition of VidaCann.

Illinois

On August 5, 2021, Planet 13 Illinois 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. At the time the license was awarded, we owned 49% of Planet 13 Illinois and 51% was owned by Frank Cowan.

On August 5, 2022, we entered into an option purchase agreement that gives us the option to purchase 51% of Planet 13 Illinois that it does not already own from Frank Cowan for $866,250 in cash and 1,063,377 common shares of the Company. The option was exercisable at our discretion for a period of two years.

On October 14, 2022, the Company, through its wholly owned subsidiary Planet 13 Chicago, LLC, entered into a $2,500,000 real property purchase agreement 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. The Company's obligation to close on the transaction is conditioned upon obtaining local jurisdiction zoning and land-use approvals, completion of customary due diligence, and that the current non-occupying tenant terminate their lease at the property. On November 1, 2022, the Company provided notice of this site selection to the Illinois cannabis regulator.

On February 7, 2023, we exercised and closed our option to purchase Mr. Cowan's 51% interest in Planet 13 Illinois. On February 3, 2023, we closed on the purchase of a dispensary location in the town of Waukegan, a suburb of the greater Chicago area, and on December 4, 2023, opened the Planet 13 Illinois dispensary to the public.

Acquisitions

VidaCann LLC

On August 28, 2023, the Company entered into a Membership Interest Purchase Agreement ("**Purchase Agreement**") with VidaCann, LLC ("**VidaCann**"), Loop's Dispensaries, LLC ("**Dispensaries**"), Ray of Hope 4 Florida, LLC ("**Ray of Hope**") and Loops Nursery & Greenhouses, Inc. ("**Nursery**" and together with Dispensaries and Ray of Hope, the ("**Sellers**"), David Loop ("**Loop**") and Mark Ascik (together with Loop, the "**Indemnifying Members**") and Loop, solely in his capacity as Seller Representative, pursuant to which, upon the terms and subject to the conditions set forth therein, the Company would acquire from the Sellers all of the membership interests in VidaCann (the "**Transaction**"). On May 9, 2024, the Company acquired 100% ownership interest of VidaCann, LLC. ("**VidaCann**") and accounted for the transaction as a business combination acquisition pursuant to ASC 805.

VidaCann was established in 2003 and was formed for the purpose of cultivating and selling cannabis products in the state of Florida, where it owns and operates a cultivation and manufacturing facility. The Company executed the VidaCann transaction in order to expedite its entrance into the attractive Florida cannabis market with an existing customer base and operational cultivation and manufacturing facilities.

Pursuant to the Purchase Agreement, the Company acquired VidaCann from the Sellers for agreed consideration at closing of the Transaction (the "**Closing**") equal to the sum of: (i) 81,872,252 shares of common stock of the Company (the "**Base Share Consideration**"), of which 1,307,698 shares were issued to VidaCann's industry advisor (the "**VC Advisor**"); (ii) a cash payment of US$4,000,000 (the "Closing Cash Payment"); and (iii) promissory notes issued by the Company to the Sellers in the aggregate principal amount of US$5,000,000, with each of the above components subject to adjustments as set out in the Purchase Agreement. Based on the closing price of the Company's common shares of (CAD$0.9100) US$0.6647 on May 9, 2024 on the Canadian Securities Exchange (the "**CSE**") (based on the Bank of Canada CAD to USD exchange rate on May 9, 2024 of CAD$1.00=US$0.7304), the total consideration was valued at US$50,755,443 million. As contemplated by the definitive agreement, VidaCann continued to have US$3 million of bank indebtedness and US$1.5 million of related party notes to former VidaCann managers at the time of closing, which were assumed by the Company. The Seller of the majority interest in VidaCann also has the right to nominate a director to the Company's board of directors effective the next business day following the Company's 2024 annual meeting of stockholders in June. The Seller has selected David Loop, the former Chief Executive Officer of VidaCann, as its board nominee.

The VidaCann acquisition was deemed to be a business combination under ASC 805. The following table summarizes the allocation of consideration exchanged to the estimated fair value of the tangible and intangible assets acquired:

Consideration paid:		
Cash	$	4,000,000
Issuance of 81,872,252 Common Shares		42,123,314
Note Payable to Former VidaCann Shareholders		4,632,129
	$	**50,755,443**
Fair value of net assets acquired:		
Cash	$	911,715

Inventory		7,375,225
Prepaids and other assets		1,869,222
Property, plant and equipment		9,080,072
ROU Assets		21,371,614
Intangible assets		9,000,000
Goodwill		30,661,477
ROU Liabilities		(21,371,614)
Notes Payable		(4,010,582)
Accounts Payable and Accrued Liabilities		(4,131,686)
	$	**50,755,443**

The purchase price allocations for the VidaCann transaction reflect various fair value estimates and analyses relating to the determination of fair value of certain tangible and intangible assets acquired and residual goodwill. The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including market data and management's estimates. The estimated fair value of acquired working capital was determined to approximate carrying value.

The goodwill arising from the VidaCann transaction consists of expected synergies from combining operations of the Company and VidaCann, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes. VidaCann's state cannabis license represented an identifiable intangible asset acquired in the amount of $9,000,000. The VidaCann cannabis license acquired has an indefinite life and as such will not be subject to amortization.

In connection with the VidaCann transaction, the Company expensed $1,020,563 of acquisition-related costs, which have been included in general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss for the period ended December 31, 2024, and $909,363 for the period ended December 31, 2023. VidaCann contributed revenue, net of discounts, gross profit and net loss of $26,890,356, $14,668,773 and ($1,878,533) included in the Company's Consolidated Comprehensive Net Income in the period ended December 31, 2024.

Results of Operations

Expressed in USD$	For the Years ended December 31, 2025	2024	Percentage Change
Revenue			
Net revenue	103,378,829	116,408,966	(11.2)%
Cost of Goods Sold	(63,506,121)	(60,298,520)	5.3%
Gross Profit	39,872,708	56,110,446	(28.9)%
Gross Profit Margin %	38.6%	48.2%	
Expenses			
General and Administrative	51,624,055	51,171,892	0.9%
Sales and Marketing	5,457,591	5,805,721	(6.0)%
Lease expense	5,186,280	4,511,997	14.9%
Impairment loss	29,844,227	21,275,942	40.3%
Depreciation and Amortization	7,048,237	8,860,921	(20.5)%
Total Expenses	99,160,390	91,626,473	8.2%
Loss From Operations	(59,287,682)	(35,516,027)	66.9%
Other Income (Expense):			
Interest income (expense), net	(476,721)	(333,082)	43.1%
Foreign exchange gain (loss)	(3,113)	(14,942)	(79.2)%
Other income	7,487,533	257,438	2808.5%
Total Other Income (Expense)	7,007,699	(90,586)	(7836.0)%
Loss for the year before tax	(52,279,983)	(35,606,613)	46.8%
Provision for income tax (current and deferred)	11,643,712	12,190,243	(4.5)%
Loss for the year	(63,923,695)	(47,796,856)	33.7%
Loss per share for the period			
Basic and fully diluted income (loss) per share	$ (0.20)	$ (0.16)	
Weighted Average Number of Shares Outstanding			
Basic and diluted	325,338,047	292,166,589	

Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024

Revenue, net of Discounts

We experienced a $13,030,137 decrease in net revenue during the year ended December 31, 2025, when compared to the year ended December 31, 2024. The decrease is attributable to pricing compression across all markets, primarily driven by additional competition and the ongoing impact of the illicit market. Overall, net revenue decreased by 11.2% during the year ended December 31, 2025, when compared to the year ended December 31, 2024. We believe that the reduction in Las Vegas tourism, both domestic and international in 2025 disproportionately impacted the Las Vegas Market and in particular our Las Vegas Superstore location. In addition, an overall reduction in the disposable income of our customers during the year ended December 31, 2025 also had a negative impact on the buying patterns and resulting revenue at our retail locations.

The Company saw decreases in revenue from both retail operations and wholesale operations during the year ended December 31, 2025. In particular, the flower category suffered from intense price compression and oversupply in the market, contributing to the overall revenue decline in the period. The decline in wholesale revenue during the year ended December 31, 2025 was most severe in the California market, prompting the Company's decision to exit the market at the end of the year.

Details of net revenue by product category are as follows:

	For the Years ended December 31,		Percentage
	2025	2024	Change
Flower	$ 36,995,553	$ 41,029,157	(9.8)%
Concentrates	32,607,988	36,071,773	(9.6)%
Edibles	15,041,037	18,060,140	(16.7)%
Topicals and Other Revenue	8,316,124	7,252,456	14.7%
Wholesale	10,418,127	13,995,440	(25.6)%
Net revenue	$ 103,378,829	$ 116,408,966	(11.2)%

Gross Profit

Gross profit margin for the year ended December 31, 2025, was 38.6% compared to 48.2% for the year ended December 31, 2024. Overall gross profit was $39,872,708 and $56,110,446 for the years ended December 31, 2025 and 2024 respectively, a decrease of 28.9%.

The decrease in gross profit margin for the year ended December 31, 2025 was the result of several factors including: price compression seen in retail sales channels, as well as in the Nevada and California wholesale markets, particularly in the flower category. In addition, due to the high level of vertical integration in the Nevada and Florida markets, the Company faced issues related to over capacity at its cultivation and production facilities which led to an increase in aged inventory. The Company increased its reserve for slow moving inventory by $3,619,463 during the year ended December 31, 2025 and has implemented additional strategies including a substantial reduction to its cultivation operations in Nevada to help prevent excess inventory build and reduce production costs. California wholesale in the second half of the year was sold largely at, or below, cost to produce, further impacting overall margins. The Company exited the California wholesale market at the end of December, 2025, which will have a positive impact on margin and overall profitability in 2026 and beyond.

General and Administrative Expenses

General and administrative ("**G&A**") expenses (which includes non-cash share-based compensation expenses), increased by 0.9% during the year ended December 31, 2025, when compared to the year ended December 31, 2024. The increase in G&A expenses incurred during the year ended December 31, 2025, was a result of the addition of the VidaCann operations, with only a partial period under the Company's ownership included in the prior years results. In addition, the Company saw a substantial increase in its share-based compensation expense when compared to the year ended December 31, 2024. These increases were almost entirely offset by focused cost cutting initiatives undertaken by the Company during the year. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 49.9% for the year ended December 31, 2025, compared to 44.0% for the year ended December 31, 2024. The percentage increase is a result of lower revenue and an increase in non-cash, share-based compensation in the year ended December 31, 2025 when compared to the prior year.

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

	For the Years ended December 31,		Percentage
	2025	2024	Change
Salaries and wages	$ 20,667,899	$ 21,316,396	(3.0)%
Executive compensation	3,557,596	3,048,605	16.7%
Licenses and permits	2,639,454	2,651,018	(0.4)%
Payroll taxes and benefits	5,065,057	4,198,424	20.6%
Supplies and office expenses	870,288	1,118,430	(22.2)%
Subcontractors	2,312,260	2,810,695	(17.7)%
Professional fees (legal, audit and other)	5,053,485	8,131,961	(37.9)%
Miscellaneous general and administrative expenses	9,121,529	7,716,055	18.2%
Share-based compensation expense	2,336,487	180,308	1195.8%
	$ 51,624,055	$ 51,171,892	0.9%

Non-cash, share based compensation of $2,336,487 was recognized during the year ended December 31, 2025, increasing from $180,308 incurred during the year ended December 31, 2024. The increase is attributable to the Restricted Share Units ("**RSUs**") that were granted during the year, particularly the 13,673,634 RSUs that were granted on March 31, 2025, that vest 1/3 on May 16, 2026 1/3 on May 16, 2027, and 1/3 on May 16, 2028. These amounts are non-cash, and the expense is recognized in accordance with the vesting schedule of the RSUs. See Note 12 to our audited consolidated financial statements 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 (6.0)% during the year ended December 31, 2025, when compared to the year ended December 31, 2024. The decrease in marketing expenses was a result of the Company's overall cost reduction efforts, partially offset by the cost of efforts to drive increased customer traffic to the Planet 13 Las Vegas Superstore and expenses incurred in Florida promoting our expanded store network and Planet 13 rebrand.

Lease expense increased by 14.9% during the year ended December 31, 2025, when compared to the year ended December 31, 2024, due to the addition of the dispensary, cultivation and processing facility leases in Florida that were only owned for part of the prior year when compared to the full year ended December 31, 2025.

Depreciation and Amortization decreased 20.5% during the year ended December 31, 2025, when compared to the prior year due to the elimination of depreciation charges as a result of asset impairments near the end of 2024 and during the year ended December 31, 2025

Impairment charges of $29,844,227 were incurred during the year ended December 31, 2025 related to cultivation assets in Nevada and California that the Company determined had carrying values in excess of their fair values. The ongoing decline in the market price for flower in these markets was the indication that these assets may be impaired. The Company shuttered its cultivation facility in Beatty, Nevada and one of two cultivation facilities in Las Vegas, Nevada, while substantially reducing the grow capacity in the other facility in order to eliminate over production, reduce costs and protect the selling price and margin of the Company's premium, indoor grown flower.

During the year ended December 31, 2024 the Company recorded a full impairment charge of $17,118,954 associated with property, plant and equipment, ROU assets and the retail license for its Orange County, California dispensary. The Company also recorded a full impairment charge of $1,763,901 associated with property, plant and equipment and ROU assets related to its cultivation facility in Beatty Nevada, as well as an impairment charge of $2,393,087 associated with property plant and equipment related to an abandoned cultivation project in Florida.

Interest expense was $476,721 during the year ended December 31, 2025, compared to interest expense of $333,082 during the year ended December 31, 2024. Interest expense is related to borrowing on our revolving line of credit, net of interest earned on a corresponding money market account, plus interest on a long-term related party note. The balance of long-term debt as of December 31, 2025, was $1,234,353 compared to $1,177,722 as of December 31, 2024.

We conduct our operations primarily in United States dollars and hold all of our currency in US dollars. An insignificant amount of expenses are incurred in Canadian dollars, or Euros. 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 foreign exchange exposure.

Other income, consists of commissions on Automated Teller Machine ("**ATM**") fees, and other miscellaneous income including gains/losses on sales of assets and property recovered in legal settlements. Other income equaled $7,487,533 for the year ended December 31, 2025, compared to other income of $257,438 for the year ended December 31, 2024. The increase in Other income was driven primarily by $4,547,846 of cash and property recovered in the El Capitan settlement, $2,611,616 gain on early lease termination agreement and a $1,255,677 gain on settlement of Note payable, including accrued interest. These gains are partially offset by losses on sales of other assets and other miscellaneous items not specifically listed.

The income tax expense for the year ended December 31, 2025, was $11,643,712 compared to $12,190,243 for the prior year. The tax expense decreased in 2025 primarily due to a decrease in overall gross margin for the period. The Company accrues tax expense for uncertain tax positions related to disallowance of deductions under Section 280E of the Internal Revenue Code (the "**Code**"). We are subject to Section 280E of 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 year ended December 31, 2025, was $63,923,695 ($0.20 per share) compared to an overall net loss of $47,796,856 ($0.16 per share) for the year ended December 31, 2024.

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 States of Nevada and Florida, dispensary, cultivation and distribution operations in the State of California and dispensary operations in the State of Illinois.

Liquidity and Capital Resources

As of December 31, 2025, our financial instruments consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities, and notes payable. We have no speculative financial instruments, derivatives, forward contracts, or hedges.

As of December 31, 2025, we had working capital of $17,996,091 compared to working capital of $28,951,955 as of December 31, 2024. The Company believes that it has adequate liquidity in the form of cash on hand to fund its operation over the next 12 months.

The following table relates to the years ended December 31, 2025, and 2024:

	Years Ended December 31,	
	2025	2024
Cash flows provided by operating activities	(14,191,888)	5,210,899
Cash flows used in investing activities	2,529,474	(3,785,503)
Cash flows provided by financing activities	1,802,368	6,728,089

Cash Flows from Operating Activities

Net cash used in operating activities was $15,691,888 for the year ended December 31, 2025, compared to cash provided by operating activities of $5,210,899 for the year ended December 31, 2024. The decrease in cash provided by operations is primarily due to losses from operations during the year ended December 31, 2025, when compared to the year ended December 31, 2024.

Cash Flows from Investing Activities

Net cash provided by investing activities was $4,029,474 for the year ended December 31, 2025, compared to net cash used in investing activities of $3,785,503 for the year ended December 31, 2024. The increase is primarily related to a reduction in capital expenditures during the year when compared to the year ended December 31, 2024, as well as the proceeds from assets sold during the year ended December 31, 2025

Cash Flows from Financing Activities

Net cash provided by financing activities was $1,802,368 during the year ended December 31, 2025, compared to net cash provided by financing activities of $6,728,089 for the year ended December 31, 2024. The decrease was due to a combination of the equity financing that was completed in March 2024 compared to no equity financing occurring during the year ended December 31, 2025, as well as a draw on a revolving line of credit, mostly offset by the repayment of notes during the year related to the VidaCann acquisition in 2024.

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 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 minimal planned capital expenditures and expansion plans as well as to continue to fund its operation over the next 12 months, including the continued build-out of its operations in Florida.

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 year. We are not subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2025, or as of December 31, 2024, or as of the date hereof.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company's 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 amount, event 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.

Financial statement areas that require significant judgments are as follows:

Estimated useful lives and depreciation of property and equipment, right-of-use assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. Impairment of definite long-lived assets is influenced by judgment in defining an asset group and determining the indicators of impairment, and estimates used to measure impairment losses. Refer to Notes 6, 7 and 8 for further information.

Leases

The Company applies judgement in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease.

The Company determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Definition of a business

Determination of what constitutes a business for purposes of acquisition accounting requires significant judgement. ASC 805 notes that if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not considered a business. However, the exact quantitative threshold is not explicitly defined. During the year ended December 31, 2024, the Company completed one acquisition, further described in Note 7.

Asset Impairment

Asset impairment tests require the allocation of assets to asset groups, where appropriate, which requires significant judgment and interpretation with respect to the integration between the assets and shared resources. Asset impairment tests require the determination of whether there is an indication of impairment. The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information.

Deferred tax assets and uncertain tax positions

The Company recognizes deferred tax assets and liabilities based on the differences between the consolidated financial statement carrying amounts and the respective tax bases of its assets and liabilities. The Company measures deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Company routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, the Company considers historical results and incorporates assumptions about the amount of future pretax operating income adjusted for items that do not have tax consequences. The Company's assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage its underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income (loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect the Company's best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and the Company's particular facts and circumstances. Although the Company believes that the judgments and estimates discussed herein are reasonable, actual results could differ, and the Company may be exposed to losses or gains that could be material. To the extent the Company prevails in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

Key estimates in these consolidated financial statements include:

Share-based compensation

The Company uses the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results. Refer to Note 12 for further information.

Valuation of inventory

Inventory is comprised of raw materials, work-in-progress and finished goods. Cannabis and hemp costs include expenditures directly related to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. At the end of each reporting period, the Company performs an assessment of inventory and records inventory valuation adjustments for excess and obsolete inventories based on the estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. A reserve is estimated to ensure the inventory balance at the end of the year reflects the estimates of product the Company expects to sell in the next year. Changes in the regulatory structure, lack of retail distribution locations or lack of consumer demand could result in future inventory reserves.

Impairment of indefinite life intangible assets and goodwill

The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information. The Company makes estimates in determining the future cash flows and discount rates in the quantitative impairment test to compare the fair value to the carrying value.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Financial instrument classification and measurement

Our financial instruments carried on the annual audited consolidated statement of financial position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as of December 31, 2025, or December 31, 2024, due to the immediate or short-term maturities of the financial instruments.

Fair values of financial assets and liabilities

Our financial instruments include cash, deposits, accounts payable and accrued expenses and note payable. On December 31, 2025, the carrying value of cash is fair value. Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. Accounts payable and other liabilities, notes payable, and notes payable related parties have been classified as other financial liabilities.

Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently does not carry variable interest-bearing debt. It is management's opinion that the Company is not exposed to significant interest rate risk.

Currency Risk

As at December 31, 2025, none of the Company's financial assets and liabilities were held in foreign currencies (2024 - $nil). The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

The Company's exposure to a 10% change in the foreign exchange conversion rate at December 31, 2025 equals $nil (2024 - $nil).

Liquidity Risk

The Company's approach to managing risk is to ensure that it will have sufficient cash and liquid investments to meet our commitments as they arise. We manage liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, we may pursue various debt and equity instruments for short or long-term financing of our operations. As of December 31, 2025, the Company's financial liabilities consist of accounts payable, accrued liabilities, obligations under operating leases and taxes.

As of December 31, 2025, we had working capital of $17,996,091 (2024 - $28,951,955) and anticipate that revenue from operations will provide sufficient funds to cover all our operating expenditures for the next 12 months and available cash on hand will be sufficient to fund any and all capital expenditure requirements for any remaining build-out of operations in the State of Florida and carry out other corporate initiatives over the next 12 months.

The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. Historically, the Company's main source of funding has been the public issuance of common stock. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing. Our potential sources of cash flow in the upcoming year will be from the proceeds of the sale of cannabis and cannabis related products and possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof.

Pricing Risk

Price risk is the risk that the trading price of the Company's shares will fluctuate and result in an increase or decrease in the fair value of the warrant liability. The Company is not exposed to significant price risk.

Concentration Risk

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

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in US federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that US federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

Item 8. Financial Statements and Supplementary Data.

The financial information required by Item 8 is located beginning on page F-1 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

Item 9A. 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-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 Form 10-K, as of December 31, 2025, 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 as of December 31, 2025.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed under the supervision of our co-CEOs and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based upon that assessment, our management, including the co-CEOs and CFO, concluded that our internal controls over financial reporting were effective as of December 31, 2025.

Independent Registered Accounting Firm's Report on Internal Control Over Financial Reporting

As an emerging growth company, as defined under the terms of the JOBS Act of 2012, our independent registered accounting firm is not required to issue a report on the internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Insider Trading Arrangements and Policies

Certain of our officers or directors have made elections to participate in, and are participating in, our equity incentive plans and have made, and may from time to time make, elections to have shares withheld to cover withholding taxes, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K). During the year ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" as such term is defined in Item 408(a) of Regulation S-K.

The Company has adopted an insider trading policy governing the purchase, sale, and other dispositions of the Company's securities by directors, senior management, and employees. A copy of the insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.