
CAPTOR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

CAPTOR CAPITAL CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at June 30, 2019	As at March 31, 2019
Assets		
Current		
Cash and cash equivalents	\$ 27,313,432	\$ 32,722,957
Amounts receivable and prepaid expenses (Note 3)	3,858,146	1,796,080
Inventory	700,812	950,430
Investments at fair value (Note 6)	25,769,799	31,241,882
	57,642,189	66,711,349
Investment in associate (Note 7)	11,334	275,109
Property and equipment (Note 4)	1,210,330	1,252,706
Goodwill (Note 5)	7,146,211	7,146,211
Intangibles (Note 5)	5,943,009	6,060,463
	\$ 71,953,073	\$ 81,445,838
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 16)	\$ 6,167,116	\$ 6,543,531
Other payables	842,461	765,834
Promissory note payable (Note 8)	1,372,041	2,174,393
Loans and notes payable (Note 8)	11,131	11,180
Income tax payable	584,867	584,867
	8,977,616	10,079,805
Loans and notes payable (Note 8)	58,113	62,268
Promissory note payable (Note 8)	118,077	241,147
Deferred tax liability	1,808,442	1,808,442
	10,962,248	12,191,662
Shareholders' Equity		
Share capital (Note 9)	104,814,447	106,448,007
Warrants reserve (Note 10)	18,889,485	18,889,485
Contributed surplus (Note 11)	10,171,060	10,171,060
Currency translation reserve	(150,276)	(28,997)
Deficit	(72,733,891)	(66,225,379)
	60,990,825	69,254,176
	\$ 71,953,073	\$ 81,445,838

NATURE OF OPERATIONS (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Signed "John Zorbas", Director

Signed "Kyle Appleby", Director

The accompanying notes are an integral part of these consolidated financial statements.

CAPTOR CAPITAL CORP.
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended June 30,	
	2019	2018
Sales	\$ 2,868,679	\$ -
Cost of sales	2,527,548	-
Gross profit	341,131	-
Expenses		
General and administrative expenses (Note 13)	1,478,007	4,191,390
Foreign exchange gain	805,421	(288,640)
Interest income	(30,828)	-
Amortization of intangible assets	117,454	-
Total expenses	(2,370,054)	(3,902,750)
Net loss for the period before other items:	(2,028,923)	(3,902,750)
Unrealized (loss) gain on investments at fair value	(4,988,394)	(4,841,042)
Equity loss pick-up (Note 7)	(171,825)	-
Realized gain on investments at fair value	-	4,204,092
Net loss before income taxes	(7,189,142)	(4,539,700)
Net loss	(7,189,142)	(4,539,700)
Other comprehensive (loss)		
Items that may be reclassified subsequently:		
Share of loss from investment in associate (Note 7)	(91,950)	-
Foreign currency translation adjustment	(29,329)	-
	(121,279)	-
Comprehensive (loss) for the period	\$ (7,067,863)	\$ (4,539,700)
(Loss) per share - basic (Note 12)	\$ (0.18)	\$ (0.19)
(Loss) per share - diluted (Note 12)	\$ (0.18)	\$ (0.19)

The accompanying notes are an integral part of these consolidated financial statements.

CAPTOR CAPITAL CORP.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30,	
	2019	2018
Cash (used in) provided by:		
Operating Activities		
Net (loss) for the period	\$ (7,189,142)	\$ (4,539,700)
Unrealized loss in other investments	4,988,394	4,841,042
Equity loss pick-up	171,825	-
Interest expense	4,475	-
Realized gain in investments at fair value	-	(4,204,092)
Amortization of intangible assets	117,454	-
Depreciation	42,376	1,948
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(2,062,066)	(460,303)
Loan receivable	-	(14,025,331)
Inventory	249,618	-
Accounts payable and accrued liabilities	107,275	(191,621)
Prepaid deposit	-	8,865
Other payable	76,627	-
	(3,493,164)	(18,569,192)
Financing activities		
Repurchase of shares	(952,924)	-
Repayment of promissory note payable	(1,043,735)	-
Repayment of loans and notes payable	(3,846)	-
	(2,000,505)	-
Investing Activities		
Proceeds from sale of investment in MedMen Enterprises Inc.	-	10,481,162
	-	10,481,162
Change in cash and cash equivalents	(5,493,669)	(8,088,030)
Foreign exchange effect	84,144	-
Cash and cash equivalents, beginning of period	32,722,957	21,296,842
Cash and cash equivalents, end of period	\$ 27,313,432	\$ 13,208,812

The accompanying notes are an integral part of these consolidated financial statements.

CAPTOR CAPITAL CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Share Capital	Warrant Reserve	Contributed Surplus	Currency Translation Reserve	Deficit	Total
Balance, March 31, 2018	65,735,076	16,379,014	8,130,710	-	(19,580,675)	70,664,125
Common shares issued for the acquisition of I-5 Holding Ltd. (note 6(b))	39,682,930	2,529,264	-	-	-	42,212,194
Net loss for the period	-	-	-	-	(4,539,700)	(4,539,700)
Balance, June 30, 2018	\$ 65,735,076	\$ 16,379,014	\$ 8,130,710	\$ -	\$ (27,901,380)	\$ 62,343,420
Balance, March 31, 2019	\$ 106,448,007	\$ 18,889,485	\$ 10,171,060	\$ (28,997)	\$ (66,225,379)	\$ 69,254,176
Share repurchase	(1,633,560)	-	-	-	680,630	(952,930)
Foreign currency translation adjustment	-	-	-	(121,279)	-	(121,279)
Net loss for the period	-	-	-	-	(7,189,142)	(7,189,142)
Balance, June 30, 2019	\$ 104,814,447	\$ 18,889,485	\$ 10,171,060	\$ (150,276)	\$ (72,733,891)	\$ 60,990,825

The accompanying notes are an integral part of these consolidated financial statements.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

1. NATURE OF OPERATIONS

Captor Capital Corp. (the "Company" or "Captor") was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated September 26, 2003. On June 2, 2017, the Company changed its name from NWT Uranium Corp. to Captor Capital Corp. The Company also delisted its common shares from the TSX Venture Exchange (the "Exchange") on June 1, 2017. The delisting of the Company's shares from the Exchange was done pursuant to a resolution approved by shareholders that was passed on December 16, 2016. On October 30, 2017, the common shares of Captor commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "CPTR". The primary office is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6, Canada.

Effective October 3, 2018, the Company consolidated its common shares on a 20:1 basis. All references in the consolidated financial statements have been adjusted to reflect this share consolidation.

The Company was a cannabis focused investment and merchant banking company. During the year ended March 31, 2019, the Company made certain acquisitions in the cannabis industry and changed its strategy. Effective August 3, 2018, the Company was deemed to be an operating company engaged in the retail sale of cannabis products.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 4, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 4, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements for the year ended March 31, 2019, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following recent accounting pronouncement has not yet been adopted.

Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 *Leases*, which will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, *Leases*.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. Majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing April 1, 2019. For leases where the Company is the lessee, it has the option of adopting a fully retrospective approach or a modified retrospective approach on transition to IFRS 16. The Company will be adopting the modified retrospective approach. The modified retrospective approach applies the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening deficit (i.e. the difference between the right-of-use asset and the lease liability) as at April 1, 2019 and no restatement of the comparative period. Under the modified retrospective approach, the Company will measure all right-of-use assets retrospectively as if the standard had been applied since the lease commencement dates. Consistent with the guidance, the Company will not apply this standard to short-term leases and leases for which the underlying asset is of low value. The adoption of IFRS 16 does not have a significant impact on the unaudited condensed interim consolidated financial statements of the Company for the period ended June 30, 2019.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at June 30, 2019	As at March 31, 2019
Sales tax receivable - Canada	\$ 30,191	\$ 87,474
Accounts receivable	261,293	71,866
Other receivables	904,365	699,673
Prepaid expenses and deposits	2,662,297	937,067
	\$ 3,858,146	\$ 1,796,080

4. PROPERTY AND EQUIPMENT

	Computer	Furniture and fixtures	Field equipment	Cannabis equipment	Leasehold improvements	Vehicles	Total
Cost							
At March 31, 2019 and June 30, 2019	\$ 13,331	\$ -	\$ -	\$ 498,637	\$ 709,900	\$ 149,188	\$ 1,371,056
Accumulated depreciation							
At March 31, 2019	\$ 1,451	\$ -	\$ -	\$ -	\$ 98,883	\$ 18,016	\$ 118,350
Depreciation expense	1,111	-	-	24,932	8,874	7,459	42,376
At June 30, 2019	\$ 2,562	\$ -	\$ -	\$ 24,932	\$ 107,757	\$ 25,475	\$ 160,726
Carrying value							
At March 31, 2019	\$ 11,880	\$ -	\$ -	\$ 498,637	\$ 611,017	\$ 131,172	\$ 1,252,706
At June 30, 2019	\$ 10,769	\$ -	\$ -	\$ 473,705	\$ 602,143	\$ 123,713	\$ 1,210,330

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

5. GOODWILL AND INTANGIBLES

	Licenses	Customer relationship	Tradename	Total Intangibles	Goodwill
Cost					
At March 31, 2019 and June 30, 2019	\$ 3,940,148	\$ 1,023,290	\$ 1,325,780	\$ 6,289,218	\$ 7,146,211
Accumulated amortization					
At March 31, 2019	\$ -	\$ 103,589	\$ 125,166	\$ 228,755	\$ -
Depreciation expense	-	51,165	66,289	117,454	-
At June 30, 2019	\$ -	\$ 154,754	\$ 191,455	\$ 346,209	\$ -
Carrying value					
At March 31, 2019	\$ 3,940,148	\$ 919,701	\$ 1,200,614	\$ 6,060,463	\$ 7,146,211
At June 30, 2019	\$ 3,940,148	\$ 868,536	\$ 1,134,325	\$ 5,943,009	\$ 7,146,211

6. INVESTMENTS AT FAIR VALUE

Other investments consists of shares held in publicly listed and private companies.

	Level 1	Level 1	Level 3	Level 2	
	MedMen Enterprises (a)	Other investment (Public)	Other investment (Private)	I-5 Holdings (b)	Total
At March 31, 2019	\$ 29,499,787	\$ 1,024,932	\$ 717,163	\$ -	\$ 31,241,882
Additions (disposal)	(483,689)	-	-	-	(483,689)
Revaluation to fair market value	(5,572,860)	584,466	-	-	(4,988,394)
At June 30, 2019	\$ 23,443,238	\$ 1,609,398	\$ 717,163	\$ -	\$ 25,769,799

(a) On February 26, 2018, Captor acquired 5,181,785 Class A Units of MM Enterprises USA, LLC ("MM Enterprises") for US\$23,000,000 (\$29,164,000). On May 28, 2018, MM Enterprises completed a business combination with MedMen Enterprises Inc. ("MedMen Enterprises"), a US based medical and adult use cannabis company listed in the CSE.

Captor Acquisition Corp. (the "Acquiror"), a subsidiary of Captor, in connection with the business combination, acquired 7,991,251 Class B Common Shares ("Class B Shares") of MM Can USA, Inc. ("PC Corp"), a subsidiary of MedMen Enterprises, pursuant to a contribution by the Acquiror of the same number of units of the LLC in exchange for such Class B Shares. Pursuant to the articles of incorporation of PC Corp, Captor may, from time to time, exchange its Class B Common Shares for Class B Subordinate Voting Shares of MedMen Enterprises on a one-for-one basis (the "Subordinate Voting Shares").

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

6. INVESTMENTS AT FAIR VALUE (continued)

(a)(continued) The Company received 7,991,251 Subordinate Voting Shares of MedMen Enterprises in exchange for the 5,181,785 Class A Units of MM Enterprises.

On February 4, 2019, the Company announced the sale of its two MedMen branded retail operations in southern California to MedMen for USD\$31,255,353 pursuant to a stock purchase agreement (the "SPA") entered into on January 9, 2019. Under the terms of the SPA, MedMen acquired all of the shares of ICH California Holdings, Ltd., a wholly owned subsidiary of Captor that held the ownership interests in both of its MedMen branded retail cannabis dispensaries. The purchase price was paid by MedMen with 9,736,870 of its Class B Subordinate Voting Shares at a deemed issue price of USD\$3.21 per share. Odyssey Trust Company is holding 701,368 Class B Subordinate Shares in escrow issued as part of the purchase price. Of the shares held in escrow, 350,634 shares will be released from escrow on the 6-month anniversary of the closing date, subject to these shares being used to offset any indemnifiable claims under the SPA that may arise, and 350,634 shares will be released on the earlier of (a) the 6-month anniversary of the closing date; and (b) the occurrence of specified other post-closing events. Additionally, 1,051,902 Class B Subordinate Voting Shares issued as part of the purchase price are contractually restricted from trading for a period of six months from the closing date.

During the year ended March 31, 2018, the Company sold 10,893,411 shares for cash of \$44,191,260 and \$4,527,916 for the extinguishment of a loan owed by I-5 Holdings to MedMen Enterprises resulting in a gain of \$-. As at June 30, 2019, the Company held 6,895,070 shares in MedMen Enterprises with a value of \$23,443,238.

(b) On December 20, 2017, Captor acquired 12,500,000 common shares of I-5 Holdings Ltd. ("I-5 Holdings") for \$5,000,000, representing approximately 21% of I-5 Holdings' issued and outstanding shares at the date of acquisition.

On February 26, 2018, Captor issued a total of 8,593,418 Captor Shares in escrow to acquire the remaining 79% of the I-5 Holdings securities. The Acquisition was completed on May 30, 2018 pursuant to an amended merger agreement dated February 16, 2018 between Captor and I-5 Holdings whereby the holders of common shares of I-5 ("I-5 Shares") received 0.13 common shares of Captor Capital Corp. ("Captor Share") in exchange for each I-5 Share.

As a result of the Acquisition, certain common share purchase warrants of I-5 Holdings are exercisable into 1,105,402 Captor Shares at an exercise price of \$5.00 per Captor Share and other common share purchase warrants of I-5 Holdings are exercisable into 187,545 Captor Shares at an exercise price of \$6.20 per Captor Share.

The fair value of the investment in I-5 Holdings prior to the Company no longer qualifying as an Investment Entity was calculated as follows:

Issuance of 8,593,418 common shares	\$ 39,682,930
Issuance of 1,292,946 warrants	1,516,716
Cash	5,000,000
Total consideration	46,199,646
Revaluation to fair market value	2,500,000
Total value	\$ 48,699,646

As at March 31, 2018, investments at fair value included the investment in I-5 Holdings. During the year ended March 31, 2019, the Company changed its status from an investment company to an operational company and therefore its investment in I-5 Holdings was eliminated upon consolidation with the accounts of I-5 Holdings.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

7. INVESTMENT IN ASSOCIATE

As at June 30 2019, the Company owned 118,511,118 common shares (March 31, 2019 - 118,511,118 common shares) in URU Metals Limited ("URU") which represents approximately 15% (March 31, 2019 - 15%) of URU's shareholding.

Effective August 3, 2018, the Company redesignated its investment in URU from an investment carried at fair value to an investment in associate accounted for using the equity method due to the change of Captor's status from an investment company to a cannabis operational company.

The following is a summary of the Company's investment in URU:

Investment as at March 31, 2018	\$ 1,223,083
Fair value adjustment to August 3, 2018	(322,073)
Captor's share of loss and comprehensive loss from August 4, 2018 to March 31, 2019	(625,901)
Investment as at March 31, 2019	\$ 275,109
Captor's share of loss and comprehensive loss from April 1, 2019 to June 30 2019	(263,775)
Investment as at June 30, 2019	\$ 11,334

The following is a summary of financial information of URU for the periods presented based on the latest publicly available information. The numbers have not been pro-rated for the Company's ownership interest:

Statement of financial position as at March 31, 2019

Cash and cash equivalents	\$ 634,772
Current assets	720,299
Non-current asset	3,414,405
Current liabilities	1,548,844

Statement of comprehensive loss from April 1, 2019 to June 30, 2019

Depreciation	\$ 20,000
Net loss	1,145,500
Other comprehensive loss	613,000
Total comprehensive loss	1,758,500

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

8. LOANS AND NOTES PAYABLE

(i) During the year ended March 31, 2019, the Company borrowed certain auto loans for the purchase of vehicles. The table below is a summary of the continuity of the auto loans:

	Three months ended June 30, 2019	Year ended March 31, 2019
Balance, beginning of the period	\$ 73,449	\$ -
Addition	-	75,618
Interest expenses	1,102	1,491
Repayments	(3,846)	(5,028)
Impact of foreign exchange	(1,461)	1,368
Balance, end of the period	\$ 69,244	\$ 73,449
Current portion	11,131	\$ 11,180
Non-current portion	58,113	\$ 62,268

The terms of the auto loans are as follows: principal: US\$57,658, annual interest rate: 5.84% - 6.19%, maturity: November 25, 2024 and annual repayment: US\$11,501 in monthly installments.

(ii) During the year ended March 31, 2019, the Company issued a promissory note payable to Chris Morganelli in the amount of US\$721,800 for the purchase of Chai Santa Cruz store and issued a note payable to Salvatore Palma in the amount of US\$1,375,000 for the purchase of Chai Monterey store. The table below is a summary of the continuity of the promissory notes payable:

March 31, 2019	Chris Morganelli	Salvatore Palma	Total
Balance, beginning of the year	\$ -	\$ -	\$ -
Addition	946,623	1,803,279	2,749,902
Interest expenses	9,198	-	9,198
Repayments	(245,854)	-	(245,854)
Impact of foreign exchange	13,473	34,220	47,693
Balance, end of the year	\$ 723,440	\$ 1,837,499	\$ 2,560,939
Current portion	\$ 482,293	\$ 1,837,499	\$ 2,319,792
Non-current portion	\$ 241,147	\$ -	\$ 241,147
June 30, 2019	Chris Morganelli	Salvatore Palma	Total
Balance, beginning of the period	\$ 723,440	\$ 1,837,499	\$ 2,560,939
Interest expenses	3,373	-	3,373
Repayments	(124,067)	(919,669)	(1,043,736)
Impact of foreign exchange	(12,359)	(18,098)	(30,457)
Balance, end of the period	\$ 590,387	\$ 899,732	\$ 1,490,119
Current portion	\$ 472,310	\$ 899,732	\$ 1,372,042
Non-current portion	\$ 118,077	\$ -	\$ 118,077

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

8. LOANS AND NOTES PAYABLE (Continued)

The terms of the note payable to Chris Morganelli are as follows: principal: US\$721,800, annual interest rate: 2%, maturity: September 8, 2020 and annual repayment: US\$360,900 in monthly installments.

The terms of the note payable to Salvatore Palma are as follows: principal: US\$1,375,000, annual interest rate: 9%, maturity: January 2, 2020 and annual repayment: US\$687,500 in semi-annual installments.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

Effective October 3, 2018, the Company consolidated its common shares on a 20:1 basis. All references in the consolidated financial statements have been adjusted to reflect this share consolidation.

	Number of shares	Amount
Balance, March 31, 2018	30,171,452	\$ 65,735,076
Common shares issued for acquisition of I-5 Holdings (Note 6(b))	8,593,418	39,682,930
Balance, June 30, 2018	38,764,870	\$ 105,418,006
Balance, March 31, 2019	39,586,639	\$ 106,448,007
Share repurchase (i)	-	(1,633,560)
Balance, June 30, 2019	39,586,639	\$ 104,814,447

(i) During the three months ended June 30, 2019, 607,500 common shares were purchased for cash consideration of \$952,924 in accordance with the current Issuer Bid. The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

The common shares repurchased by the Company but not cancelled being 607,500 will be returned to treasury for cancellation and accordingly, they are not considered to be outstanding shares for the purposes of loss per share calculations.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

10. WARRANTS

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2018	14,709,692	\$ 3.93
Issued for acquisition of I-5 Holdings (Note 6(b))	1,292,946	5.00
Balance, June 30, 2018	16,002,638	\$ 4.00
Balance, March 31, 2019	15,857,943	\$ 4.03
Expired	(1,008,206)	(5.00)
Balance, June 30, 2019	14,849,737	\$ 3.97

The Company had the following warrants outstanding at June 30, 2019:

Number of Warrants	Exercise Price	Expiry Date
7,557,500	\$ 2.00	December 11, 2019
187,545	\$ 6.20	February 5, 2020
7,104,692	\$ 6.00	February 12, 2020
14,849,737	\$ 3.97	

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

11. STOCK OPTIONS

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the issued and outstanding common shares of the Company. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting term of the options is fixed by the Board of Directors of the Company at the time of grant and may vary from immediate vesting to up to 24 months.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, March 31, 2017	-	\$ -
Options granted (i)	210,000	2.00
Balance, March 31, 2018 and June 30, 2018	210,000	\$ 2.00
Options granted (ii)	1,825,000	6.00
Balance, June 30, 2019 and June 30, 2019	2,035,000	\$ 5.59

(i) On November 29, 2017, the Company granted an aggregate of 210,000 options to officers and directors of the Company. All stock options vested immediately and are exercisable at \$2.00 per common share for a period of 2 years. The fair value of \$174,720 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 110%; risk-free interest rate of 1.43% and an expected life of 2 years.

(ii) On August 8, 2018, the Company granted an aggregate of 1,825,000 options to officers, directors, employees and consultants of the Company. All stock options vested immediately and are exercisable at \$6.00 per common share for a period of 2 years. The fair value of \$2,040,350 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 110%; risk-free interest rate of 2.13% and an expected life of 2 years.

The Company had the following stock options outstanding at June 30, 2019:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
210,000	210,000	0.42	2.00	November 29, 2019
1,825,000	1,825,000	1.11	6.00	August 8, 2020
2,035,000	2,035,000	1.04	5.59	

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

12. LOSS PER SHARE

	Three Months Ended June 30,	
	2019	2018
Net (loss) income for the period	\$ (7,189,142)	\$ (4,539,700)
Net (loss) income per share		
Basic	\$ (0.18)	\$ (0.19)
Diluted	\$ (0.18)	\$ (0.19)
Weighted average number of shares outstanding - basic and diluted	39,586,639	23,382,523

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30,	
	2019	2018
Management and administrative services (Note 16)	\$ 89,999	\$ 81,999
Professional fees	208,586	4,025,160
Business advisory fees	154,013	-
Office and administration	928,980	25,732
Travel expenses	8,011	1,765
Shareholders information	3,123	46,976
Regulatory fees	2,998	7,810
Interest and penalty	39,921	-
Depreciation	42,376	1,948
	\$ 1,478,007	\$ 4,191,390

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

14. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

Operating segments

As at June 30, 2019	Corporate	Cannabis Operations	Total
Current assets	\$ 55,519,207	\$ 2,122,982	\$ 57,642,189
Property and equipment	307,819	902,511	1,210,330
Other assets	11,334	13,089,220	13,100,554
Total assets	\$ 55,838,360	\$ 16,114,713	\$ 71,953,073

As at March 31, 2019	Cannabis Corporate	Operations	Total
Current assets	\$ 64,336,111	\$ 2,375,238	\$ 66,711,349
Equipment	418,125	834,581	1,252,706
Other assets	275,109	13,206,674	13,481,783
Total assets	\$ 65,029,345	\$ 16,416,493	\$ 81,445,838

Three months Ended June 30, 2019	Corporate	Cannabis Operations	Total
Sales - net of excise tax	\$ -	\$ 2,868,679	\$ 2,868,679
Gross profit	-	341,131	341,131
Net (loss) income	(7,800,088)	610,946	(7,189,142)

Year Ended June 30, 2019	Corporate	Cannabis Operations	Total
Sales - net of excise tax	\$ -	\$ 5,865,687	\$ 5,865,687
Gross profit	-	1,619,356	1,619,356
Net loss	(44,457,040)	(2,221,377)	(46,678,417)

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

14. SEGMENTED INFORMATION (continued)

Geographical segments

As at June 30, 2019	Canada	United States	Other	Total
Current assets	\$ 56,009,910	\$ 1,622,207	\$ 10,072	\$ 57,642,189
Property and equipment	-	1,210,330	-	1,210,330
Other assets	-	13,100,554	-	13,100,554
Total assets	\$ 56,009,910	\$ 74,795,682	\$ 10,072	\$ 71,953,073

As at March 31, 2019	Canada	United States	Other	Total
Current assets	\$ 64,326,039	\$ 2,375,238	\$ 10,072	\$ 66,711,349
Equipment	-	1,252,706	-	1,252,706
Other assets	-	13,481,783	-	13,481,783
Total assets	\$ 64,326,039	\$ 17,109,727	\$ 10,072	\$ 81,445,838

Three Months Ended June 30, 2019	Canada	United States	Other	Total
Sales - net of excise tax	\$ -	\$ 2,868,679	\$ -	\$ 2,868,679
Gross profit	-	341,131	-	341,131
Net loss	(6,578,196)	(610,946)	-	(7,189,142)

Year Ended March 31, 2019	Canada	United States	Other	Total
Sales	\$ -	\$ 5,865,687	\$ -	\$ 5,865,687
Gross profit	-	1,619,356	-	1,619,356
Net (loss) income	(44,767,275)	(1,921,214)	10,072	(46,678,417)

15. CONTINGENCIES AND COMMITMENTS

From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. Management is of the opinion, based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's financial position, liquidity, or results of operations.

The Company has various lease commitments related to various office space, facilities and warehouses expiring between December 2020 and December 2025. Future minimum commitments due in the next five years are as follows:

2020	\$ 399,551
2021	543,119
2022	468,772
2023	465,524
2024	121,420
Thereafter	168,382
	\$ 2,166,768

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management of the Company was as follows:

	Three Months Ended June 30,	
	2019	2018
Directors fees (i)	\$ 35,000	\$ 6,000
Alegana Enterprises Ltd. ("Alegana") (ii)	54,999	54,999
2249872 Ontario Ltd. (iii)	-	21,000
Marrelli Support Services Inc ("MSSI") (iv)	4,500	4,500
	\$ 94,499	\$ 86,499

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at June 30, 2019, is \$35,000 (March 31, 2019 - \$45,350) due to directors of the Company.

(ii) Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") of the Company. The consulting fees paid to Alegana are for the function of the President which include, but are not limited to, managing the capital structure and current investment portfolio of the Company. Included in accounts payable and accrued liabilities at June 30, 2019 is \$1,486,363 (March 31, 2019 - \$1,431,364) owing to Alegana.

(iii) 2249872 Ontario Ltd. is a company controlled by Henry Kloepper, the former CEO of Captor. The management fees to 2249872 Ontario Ltd. were for the CEO function performed by Mr. Kloepper which includes the day-to-day operations of the Company as well as an implementation of the Company's long and short term plans. Included in accounts payable and accrued liabilities at June 30, 2019 is \$nil (March 31, 2019 - \$nil) due to 2249872 Ontario Ltd.

(iv) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSI. The management fees paid to MSSI relate to CFO function performed by Mr. Peng which includes the reporting of financial information and the safeguard of the Company's assets. Included in accounts payable and accrued liabilities at June 30, 2019 is \$3,002 (March 31, 2018 - \$2,930) owing to MSSI.

(v) The Company is owed \$25,576 (March 31, 2019 - \$25,576) from a company related to Captor through common management. These amounts are included in the amounts receivable and prepaid expenses balance on the statements of financial position.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

17. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

As at June 30, 2019	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Investments at fair value	\$ 25,052,636	\$ -	\$ 717,163	\$ 25,769,799

As at March 31, 2019

Investments at fair value	\$ 30,524,719	\$ -	\$ 717,163	\$ 31,241,882
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(b) Fair values of financial assets and liabilities:

	June 30, 2019		March 31, 2019	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Amortized cost				
Amounts receivable (i)	261,293	261,293	699,673	699,673
	\$ 261,293	\$ 261,293	\$ 2,044,275	\$ 2,044,275
FVTPL				
Cash and cash equivalents	\$ 27,313,432	\$ 27,313,432	\$ 32,722,957	\$ 32,722,957
Investments at fair value	25,769,799	25,769,799	31,241,882	31,241,882
Other financial liabilities				
Accounts payable and accrued liabilities (i) \$	6,167,116	\$ 6,167,116	\$ 6,543,531	\$ 6,543,531
Other payables	842,461	842,461	765,834	765,834
Promissory notes	1,490,118	1,490,118	2,415,540	2,415,540
Loans and notes payable	69,244	69,244	73,448	73,448
	\$ 8,568,939	\$ 8,568,939	\$ 9,798,353	\$ 9,798,353

(i) The carrying amounts of cash and cash equivalents, amounts receivable, loan receivable, accounts payable and accrued liabilities, promissory notes and loans and notes payable are reasonable approximation of their fair values due to their short-term nature.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

18. OTHER EVENTS

(i) On March 29, 2019, the Company announced that one of its wholly owned subsidiary entered into a Letter of Intent ("LOI") to acquire 100% ownership of a Type 7 Volatile Solvent Extraction facility based in California from People's Holdings. The facility has been in operation since January 2019 and holds an annual license for volatile manufacturing from the Bureau of Cannabis Control of California. During the three months ended June 30, 2019, the Company terminated the LOI.

(ii) On April 9, 2019, the Company entered into a Letter of Intent ("LOI") to form a Joint Venture Company ("JVCo" or "joint venture") with Green Buddha Group LLC ("Green Buddha"), a company with significant cannabis assets in Michigan, including retail operations currently generating sales, and cultivation and manufacturing facilities presently under development.

In accordance with the terms of the LOI, Green Buddha will transfer to JVCo Michigan licenses to operate 20 retail medical cannabis retailers, two licenses to operate a cannabis manufacturing, processing, and extraction facility, and eight licenses to operate a 325,000 sq. ft. cannabis cultivation facility (the "Michigan Licenses"). Captor has agreed to provide JVCo a convertible loan to fund the exploitation of the Michigan Licenses and the build-out and operation of JVCo's retail processing and cultivation facilities. The loan is convertible into 50.1% of the issued and outstanding shares of JVCo. Upon conversion of the loan, Green Buddha would own 49.9% of JVCo.