
CAPTOR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
DECEMBER 31, 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 December 31, 2019	As at March 31, 2019
Assets		
Current		
Cash and cash equivalents	\$ 23,813,319	\$ 32,722,957
Amounts receivable and prepaid expenses (Note 3)	3,619,971	1,796,080
Inventory	411,809	950,430
Investments at fair value (Note 7)	4,179,411	31,241,882
	32,024,510	66,711,349
Investment in associate (Note 8)	213,843	275,109
Property and equipment (Note 4)	1,355,594	1,252,706
Right-of-use assets (Note 5)	1,502,875	-
Goodwill (Note 6)	7,146,211	7,146,211
Intangibles (Note 6)	5,708,102	6,060,463
Total Assets	\$ 47,951,135	\$ 81,445,838
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 18)	\$ 6,989,087	\$ 6,543,531
Other payables	-	765,834
Promissory note payable (Note 9)	245,233	2,174,393
Loans and notes payable (Note 9)	11,385	11,180
Income tax payable	186,874	584,867
Lease liabilities (Note 10)	312,672	-
	7,745,251	10,079,805
Loans and notes payable (Note 9)	51,910	62,268
Promissory note payable (Note 9)	-	241,147
Lease liabilities (Note 10)	1,256,546	-
Deferred tax liability	787,252	1,808,442
Total Liabilities	9,840,959	12,191,662
Shareholders' Equity		
Share capital (Note 11)	104,151,855	106,448,007
Warrants reserve (Note 12)	18,889,485	18,889,485
Contributed surplus (Note 13)	10,171,060	10,171,060
Currency translation reserve	231,929	(28,997)
Deficit	(95,334,153)	(66,225,379)
Total Shareholders' Equity	38,110,176	69,254,176
Total Liabilities and Shareholders' Equity	\$ 47,951,135	\$ 81,445,838

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENT (Note 21)

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Sales	\$ 2,111,949	\$ -	\$ 8,912,010	\$ -
Cost of sales	1,799,334	-	6,534,387	-
Gross profit	312,615	-	2,377,623	-
Expenses				
General and administrative expenses (Note 15)	(3,476,941)	(1,283,365)	(8,180,131)	(11,713,996)
Foreign exchange (loss) gain	(78,018)	1,091,890	(91,967)	1,102,089
Interest income	35,028	43,957	177,078	69,935
Write-off of equipment	-	(34,238)	-	(34,238)
Amortization of intangible assets	(117,453)	-	(352,361)	-
Total expenses	(3,637,384)	(181,756)	(8,447,381)	(10,576,210)
Net loss for the period before other items:	(3,324,769)	(181,756)	(6,069,758)	(10,576,210)
Unrealized (loss) on investments	(836,517)	(3,486,822)	(17,671,390)	(4,259,898)
Equity (loss) pick-up (Note 8)	(20,171)	-	(72,604)	-
Realized (loss) gain on investments at fair value	(6,733,616)	-	(6,733,616)	2,876,816
Net loss	(10,915,073)	(3,668,578)	(30,547,368)	(11,959,292)
Other comprehensive income				
Items that may be reclassified subsequently:				
Share of income from investment in associate (Note 8)	1,958	-	11,338	-
Foreign currency translation adjustment	33,587	-	491,939	-
	35,545	-	503,277	-
Comprehensive loss for the period	\$ (10,879,528)	\$ (3,668,578)	\$ (30,044,091)	\$ (11,959,292)
Loss per share - basic (Note 14)	\$ (0.28)	\$ (0.09)	\$ (0.78)	\$ (0.31)
Loss per share - diluted (Note 14)	\$ (0.28)	\$ (0.09)	\$ (0.78)	\$ (0.31)

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

	Nine Months Ended December 31,	
	2019	2018
Cash (used in) provided by:		
Operating Activities		
Net loss for the period	\$(30,547,368)	\$(11,959,292)
Stock based compensation	-	2,518,500
Foreign exchange gain	-	(1,271,101)
Unrealized loss in other investments	17,671,390	4,259,898
Equity loss pick-up	72,604	-
Realized (loss) gain on investments at fair value	6,733,616	(2,876,816)
Amortization of intangible assets	352,361	-
Depreciation	113,403	3,896
Write-off of equipment	-	34,238
Accretion	131,789	-
Amortization - right-of-use assets	358,967	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(1,823,891)	(319,800)
Loan receivable	-	(14,687,458)
Inventory	538,621	-
Accounts payable and accrued liabilities	445,556	960,611
Prepaid deposit	-	7,894
Other payables	(765,834)	-
Income tax payable	(397,993)	-
Deferred tax liability	(1,021,190)	-
	(8,137,969)	(23,329,430)
Financing activities		
Repurchase of shares	(1,103,909)	-
(Repayment) proceeds of promissory note payable	(2,334,224)	2,860,455
Repayment of loans and notes payable	(10,153)	-
Exercise of warrants	4,000	95,000
	(3,444,286)	2,955,455
Investing Activities		
Purchase of property and equipment	(337,284)	-
Proceeds from sale of investment	5,195,326	24,672,737
Purchase of investments	(1,525,500)	(10,451,768)
Lease payments	(423,398)	-
	2,909,144	14,220,969
Change in cash and cash equivalents	(8,673,111)	(6,153,006)
Foreign exchange effect	(236,527)	-
Cash and cash equivalents, beginning of period	32,722,957	21,296,842
Cash and cash equivalents, end of period	\$ 23,813,319	\$ 15,143,836

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.	39,682,930	-	-	-	-	39,682,930
Common shares issued for acquisition of Chai Cannabis Inc.	1,187,722	-	-	-	-	1,187,722
Common shares issued for acquisition of investment	525,000	-	-	-	-	525,000
Common shares issued for exercise of warrants	113,793	(18,793)	-	-	-	95,000
Share based compensation	-	-	2,518,500	-	-	2,518,500
Net loss for the period	-	-	-	-	(11,959,292)	(11,959,292)
Balance, December 31, 2018	\$ 107,244,521	\$ 16,360,221	\$ 10,649,210	\$ -	\$ (31,539,967)	\$ 102,713,985
Balance, March 31, 2019	\$ 106,448,007	\$ 18,889,485	\$ 10,171,060	\$ (271,348)	\$ (65,983,028)	\$ 69,254,176
Share repurchase	(2,300,152)	-	-	-	1,196,243	(1,103,909)
Common shares issued for exercise of warrants	4,000	-	-	-	-	4,000
Net loss for the period	-	-	-	503,277	(30,547,368)	(30,044,091)
Balance, December 31, 2019	\$ 104,151,855	\$ 18,889,485	\$ 10,171,060	\$ 231,929	\$ (95,334,153)	\$ 38,110,176

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

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended December 31, 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.

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 March 2, 2020.

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 March 2, 2020, 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 and Nine months Ended December 31, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies

Leases

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company adopted IFRS 16, effective April 1, 2019, under the modified retrospective approach. Comparatives for 2019 were not restated. At transition, the Company elected to use the practical expedient available under the standard that allows lease assessments made under IAS 17 and IFRIC 4 to be used for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified after October 1, 2019. At April 1, 2019, the Company adopted IFRS 16 and recognized right-of-use assets of \$1,892,891 and lease liabilities of \$1,892,891 (notes 5 and 10).

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2019
 (Expressed in Canadian Dollars, unless otherwise indicated)
 (Unaudited)

3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at December 31, 2019	As at March 31, 2019
Sales tax receivable - Canada	\$ 108,442	\$ 87,474
Accounts receivable	515,643	71,866
Other receivables	717,034	699,673
Prepaid expenses and deposits	2,278,852	937,067
	\$ 3,619,971	\$ 1,796,080

4. PROPERTY AND EQUIPMENT

	Computer	Furniture and fixtures	Field equipment	Cannabis equipment	Leasehold improvements	Vehicles	Construction in progress	Total
Cost								
At March 31, 2018	\$ 44,906	\$ 95,924	\$ 57,365	\$ -	\$ -	\$ -	\$ -	\$ 198,195
Additions during the year	13,331	-	-	129,614	47,043	101,107	-	291,095
Addition from acquisitions	-	-	-	369,023	155,977	-	-	525,000
Acquired from consolidation of I-5 Holdings	-	-	-	-	506,880	48,081	-	554,961
Impairment	(44,906)	(95,924)	(57,365)	-	-	-	-	(198,195)
At March 31, 2019	\$ 13,331	\$ -	\$ -	\$ 498,637	\$ 709,900	\$ 149,188	\$ -	\$ 1,371,056
Additions during the period	36,039	-	-	30,299	142,992	-	127,954	337,284
Impairment	-	-	-	(127,591)	-	-	-	(127,591)
Impact of foreign exchange	487	-	-	(25,385)	58,543	(24,414)	(2,634)	6,597
At December 31, 2019	\$ 49,857	\$ -	\$ -	\$ 375,960	\$ 911,435	\$ 124,774	\$ 125,320	\$ 1,587,346
Accumulated depreciation								
At March 31, 2018	\$ 43,253	\$ 72,587	\$ 44,219	\$ -	\$ -	\$ -	\$ -	\$ 160,059
Depreciation expense	1,451	-	-	-	98,883	18,016	-	118,350
Impairment	(43,253)	(72,587)	(44,219)	-	-	-	-	(160,059)
At March 31, 2019	\$ 1,451	\$ -	\$ -	\$ -	\$ 98,883	\$ 18,016	\$ -	\$ 118,350
Depreciation expense	7,386	-	-	32,488	39,952	33,576	-	113,402
At December 31, 2019	\$ 8,837	\$ -	\$ -	\$ 32,488	\$ 138,835	\$ 51,592	\$ -	\$ 231,752
Carrying value								
At March 31, 2019	\$ 11,880	\$ -	\$ -	\$ 498,637	\$ 611,017	\$ 131,172	\$ -	\$ 1,252,706
At December 31, 2019	\$ 41,020	\$ -	\$ -	\$ 343,472	\$ 772,600	\$ 73,182	\$ 125,320	\$ 1,355,594

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2019
 (Expressed in Canadian Dollars, unless otherwise indicated)
 (Unaudited)

5. RIGHT-OF-USE ASSETS

	Office space
Balance - March 31, 2019	\$ -
Additions	1,892,891
Amortization	(358,967)
Impact of foreign exchange	(31,049)
Balance - December 31, 2019	\$ 1,502,875

6. GOODWILL AND INTANGIBLES

Cost	Licenses	Customer relationship	Tradename	Total Intangibles	Goodwill
At March 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition of Chai	2,311,936	689,640	551,712	3,553,288	5,286,152
Acquisition of Higher Level	1,628,212	333,650	774,068	2,735,930	1,860,059
At March 31, 2019 and December 31, 2019	\$ 3,940,148	\$ 1,023,290	\$ 1,325,780	\$ 6,289,218	\$ 7,146,211

Accumulated amortization

At March 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	-	103,589	125,166	228,755	-
At March 31, 2019	-	103,589	125,166	228,755	-
Depreciation expense	-	153,495	198,866	352,361	-
At December 31, 2019	\$ -	\$ 257,084	\$ 324,032	\$ 581,116	\$ -

Carrying value

At March 31, 2019	\$ 3,940,148	\$ 919,701	\$ 1,200,614	\$ 6,060,463	\$ 7,146,211
At December 31, 2019	\$ 3,940,148	\$ 766,206	\$ 1,001,748	\$ 5,708,102	\$ 7,146,211

7. 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, 2018	37,081,734	4,159,840	-	7,500,000	48,741,574
Additions (disposal)	(5,639,278)	88,374	733,246	41,199,646	36,381,988
Revaluation to fair market value	(1,942,669)	(2,000,199)	(16,083)	-	(3,958,951)
Reclassified as subsidiary	-	-	-	(48,699,646)	(48,699,646)
Transfer to investment in associate	-	(1,223,083)	-	-	(1,223,083)
At March 31, 2019	\$ 29,499,787	\$ 1,024,932	\$ 717,163	\$ -	\$ 31,241,882
Additions (disposal)	(11,673,472)	756,891	1,525,500	-	(9,391,081)
Revaluation to fair market value	(17,335,430)	(335,960)	-	-	(17,671,390)
At December 31, 2019	\$ 490,885	\$ 1,445,863	\$ 2,242,663	\$ -	\$ 4,179,411

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2019 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

8. INVESTMENT IN ASSOCIATE

As at December 31, 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 December 31, 2019	(61,266)
Investment as at December 31, 2019	\$ 213,843

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 December 31, 2019

Cash and cash equivalents	\$ 20,781
Non-current asset	3,695,670
Current liabilities	1,692,210

Statement of comprehensive loss from April 1, 2019 to December 31, 2019

Depreciation	\$ 39,783
Net loss	(484,026)
Other comprehensive income	75,588
Total comprehensive loss	(408,438)

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2019
 (Expressed in Canadian Dollars, unless otherwise indicated)
 (Unaudited)

9. 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:

	Nine months ended		Year ended	
	December 31,		March 31,	
	2019		2019	
Balance, beginning of the period	\$	73,449	\$	-
Addition		-		75,618
Interest expenses		5,102		1,491
Repayments		(16,560)		(5,028)
Impact of foreign exchange		1,304		1,368
Balance, end of the period	\$	63,295	\$	73,449
Current portion		11,385	\$	11,180
Non-current portion		51,910	\$	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		858,612		1,780,111		2,638,723
Interest expenses		9,198		-		9,198
Repayments		(245,854)		-		(245,854)
Impact of foreign exchange		13,473		-		13,473
Balance, end of the year	\$	635,429	\$	1,780,111	\$	2,415,540
Current portion	\$	394,282	\$	1,780,111	\$	2,174,393
Non-current portion	\$	241,147	\$	-	\$	241,147

December 31, 2019	Chris Morganelli		Salvatore Palma		Total	
Balance, beginning of the period	\$	635,429	\$	1,780,111	\$	2,415,540
Interest expenses		7,689		75,533		83,222
Repayments		(435,303)		(1,898,921)		(2,334,224)
Impact of foreign exchange		37,418		43,277		80,695
Balance, end of the period	\$	245,233	\$	-	\$	245,233
Current portion	\$	245,233	\$	-	\$	245,233
Non-current portion	\$	-	\$	-	\$	-

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2019 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

9. 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.

10. LEASE LIABILITIES

On April 1, 2019, the Company early adopted IFRS 16. As at April 1, 2019, the Company recognized right-of-use asset of \$1,892,891 and lease liability of \$1,892,891. The Company did not apply IFRS 16 on a fully retrospective basis.

The Company recorded right-of-use assets (note 5) and lease liabilities for office and retail store spaces in the statement of financial position as at December 31, 2019. At the commencement date of the leases, the lease liabilities were measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the Company's incremental borrowing rate.

The continuity of lease liabilities is presented in the table below:

	Office space
Balance - March 31, 2019	\$ -
Additions	1,892,891
Accretion expense	131,789
Lease payments	(423,398)
Impact of foreign exchange	(32,064)
Balance - December 31, 2019	\$ 1,569,218
Current portion	\$ 312,672
Non-current portion	\$ 1,256,546

Maturity analysis - contractual undiscounted cash flows

As at December 31, 2019

Due less than one year	\$ 560,776
Due between one and two years	476,951
Due between two and three years	466,837
Due thereafter	399,545
Total undiscounted lease obligations	\$ 1,904,109

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2019
 (Expressed in Canadian Dollars, unless otherwise indicated)
 (Unaudited)

11. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

	Number of shares	Amount
Balance, March 31, 2018	30,171,452	\$ 65,735,076
Common shares issued for acquisition of I-5 Holdings	8,593,418	39,682,930
Common shares issued for acquisition of Chai Cannabis Inc.	383,135	1,187,722
Common shares issued for acquisition of investment	187,500	525,000
Common shares issued for exercise of warrants	17,500	95,000
Fair value of warrants exercised	-	18,793
Balance, December 31, 2018	39,353,005	\$ 107,244,521
Balance, March 31, 2019	39,586,639	\$ 106,448,007
Share repurchase (i)	(855,400)	(2,300,152)
Common shares issued for exercise of warrants	2,000	4,000
Balance, December 31, 2019	38,733,239	\$ 104,151,855

(i) During the nine months ended December 31, 2019, 855,400 common shares were purchased for cash consideration of \$1,103,909 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 855,400 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.

12. 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	1,292,946	5.17
Exercised	(47,500)	2.00
Balance, December 31, 2018	15,955,138	\$ 4.04
Balance, March 31, 2019	15,857,943	\$ 4.03
Expired	(8,563,706)	2.35
Exercised	(2,000)	2.00
Balance, December 31, 2019	7,292,237	\$ 6.01

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12. WARRANTS (Continued)

The Company had the following warrants outstanding at December 31, 2019:

Number of Warrants	Exercise Price	Expiry Date
187,545	\$ 6.20	February 5, 2020 ⁽ⁱ⁾
7,104,692	\$ 6.00	February 12, 2020 ⁽ⁱ⁾
7,292,237	\$ 6.01	

⁽ⁱ⁾ These warrants expired unexercised subsequent to December 31, 2019.

13. 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, 2018	210,000	\$ 2.00
Options granted (i)	1,825,000	6.00
Balance, December 31, 2018	2,035,000	\$ 5.59
Balance, March 31, 2019	2,035,000	\$ 5.59
Options expired	(210,000)	2.00
Balance, December 31, 2019	1,825,000	\$ 6.00

(i) 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 \$2,518,500 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 December 31, 2019:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
1,825,000	1,825,000	0.61	6.00	August 8, 2020

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14. LOSS PER SHARE

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net loss for the period	\$ (10,879,528)	\$ (3,668,578)	\$ (30,547,368)	\$ (11,959,292)
Net loss per share				
Basic	\$ (0.28)	\$ (0.09)	\$ (0.78)	\$ (0.31)
Diluted	\$ (0.28)	\$ (0.09)	\$ (0.78)	\$ (0.31)
Weighted average number of shares outstanding - basic and diluted	38,837,587	39,372,896	38,976,759	39,007,076

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Management and administrative services	\$ 114,000	\$ 60,999	\$ 286,998	\$ 1,030,807
Professional fees	1,331,379	640,151	2,905,282	2,241,690
Business advisory fees	11,236	-	165,249	4,690,060
Operational expenses	1,857,492	88,424	3,899,672	261,472
Travel expenses	(82,715)	28,539	178,654	166,283
Shareholders information	9,364	450,125	17,355	739,422
Regulatory fees	5,506	15,127	27,891	61,866
Share based compensation (Note 13)	-	-	-	2,518,500
Interest and penalty	2,878	-	94,871	-
Depreciation	67,204	-	113,403	3,896
Accretion	41,349	-	131,789	-
Amortization - right-of-use assets	119,248	-	358,967	-
	\$ 3,476,941	\$ 1,283,365	\$ 8,180,131	\$ 11,713,996

16. 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.

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17. 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 December 31, 2019	Corporate	Cannabis Operations	Total
Current assets	\$ 29,801,935	\$ 2,222,575	\$ 32,024,510
Property and equipment	373,334	982,260	1,355,594
Other assets	213,843	14,357,188	14,571,031
Total assets	\$ 30,389,112	\$ 17,562,023	\$ 47,951,135

As at March 31, 2019	Corporate	Cannabis Operations	Total
Current assets	\$ 64,336,111	\$ 2,375,238	\$ 66,711,349
Property and 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

Nine Months Ended December 31, 2019	Corporate	Cannabis Operations	Total
Sales - net of excise tax	\$ -	\$ 8,912,010	\$ 8,912,010
Gross profit	-	2,377,623	2,377,623
Net loss	(26,821,155)	(3,726,213)	(30,547,368)

Nine Months Ended December 31, 2018	Corporate	Cannabis Operations	Total
Net loss	\$ (11,959,292)	\$ -	\$ (11,959,292)

Geographical segments

As at December 31, 2019	Canada	United States	Other	Total
Current assets	\$ 29,702,443	\$ 2,222,575	\$ 99,492	\$ 32,024,510
Property and equipment	-	1,355,594	-	1,355,594
Other assets	213,843	14,357,188	-	14,571,031
Total assets	\$ 29,916,286	\$ 17,935,357	\$ 99,492	\$ 47,951,135

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

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17. SEGMENTED INFORMATION (continued)

Geographical segments (continued)

Nine Months Ended December 31, 2019	Canada	United States	Other	Total
Sales - net of excise tax	\$ -	\$ 8,912,010	\$ -	\$ 8,912,010
Gross profit	-	2,377,623	-	2,377,623
Net loss	(26,737,695)	(3,799,093)	(10,580)	(30,547,368)
Nine Months Ended December 31, 2018	Canada	United States	Other	Total
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	-	-	-	-
Net loss	(11,959,292)	-	-	(11,959,292)

18. 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 December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Directors fees (i)	\$ 49,000	\$ 6,000	\$ 112,000	\$ 18,000
Alegana Enterprises Ltd. ("Alegana") (ii)	55,000	54,999	164,998	1,044,997
2249872 Ontario Ltd. (iii)	10,000	-	10,000	(32,190)
Marrelli Support Services Inc ("MSSI") (iv)	4,500	4,500	13,500	13,500
Alexander Dement'ev (v)	13,000	15,000	43,000	45,000
CFO Advantage Inc. (vi)	-	-	20,000	-
Share based compensation	-	-	-	517,500
	\$ 131,500	\$ 80,499	\$ 363,498	\$ 1,606,807

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at December 31, 2019, is \$86,350 (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 December 31, 2019 is \$660,810 (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 December 31, 2019 is \$nil (March 31, 2019 - \$nil) due to 2249872 Ontario Ltd.

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18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(iv) Mr. Jing Peng, the Chief Financial Officer (“CFO”), is a senior employee of MSSl. The management fees paid to MSSl 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 December 31, 2019 is \$2,921 (March 31, 2019 – \$2,930) owing to MSSl.

(v) Alexander Dement’ev, a director of Captor, was paid consulting fees for consulting services performed for the Company. Included in accounts payable and accrued liabilities at December 31, 2019 is \$nil (March 31, 2019 - \$5,660) due to Alexander Dement’ev.

(vi) CFO Advantage Inc. is a company controlled by Kyle Appleby, a director of Captor for consulting services performed for the Company.

(vii) 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.

19. 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:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
As at December 31, 2019				
Investments at fair value	\$ 1,936,748	\$ -	\$ 2,242,663	\$ 4,179,411
As at March 31, 2019				
Investments at fair value	\$ 30,524,719	\$ -	\$ 717,163	\$ 31,241,882

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19. FAIR VALUE MEASUREMENTS (Continued)

(b) Fair values of financial assets and liabilities:

	December 31, 2019		March 31, 2019	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Amortized cost				
Amounts receivable (i)	1,232,677	1,232,677	699,673	699,673
	\$ 1,232,677	\$ 1,232,677	\$ 699,673	\$ 699,673
FVTPL				
Cash and cash equivalents	\$ 23,813,319	\$ 23,813,319	\$ 32,722,957	\$ 32,722,957
Investments at fair value	4,179,411	4,179,411	31,241,882	31,241,882
Other financial liabilities				
Accounts payable and accrued liabilities (i)	\$ 6,989,087	\$ 6,989,087	\$ 6,543,531	\$ 6,543,531
Other payables	-	-	765,834	765,834
Promissory notes	245,233	245,233	2,415,540	2,415,540
Loans and notes payable	63,295	63,295	73,448	73,448
	\$ 7,297,615	\$ 7,297,615	\$ 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.

20. OTHER EVENTS

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.

21. SUBSEQUENT EVENTS

(i) Subsequent to December 31, 2019, 7,292,237 warrants expired unexercised.