
CAPTOR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
DECEMBER 31, 2020**

**(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, 2020	As at March 31, 2020
Assets		
Current		
Cash and cash equivalents	\$ 16,789,636	\$ 19,766,334
Amounts receivable and prepaid expenses (Note 3)	2,039,795	2,130,148
Inventory	1,116,973	711,911
Investments at fair value (Note 8)	5,510,851	5,782,045
Lease receivable (Note 4)	37,623	75,368
	25,494,878	28,465,806
Amounts receivable and prepaid expenses (Note 3)	775,765	621,630
Lease receivable (Note 4)	68,290	99,872
Right-of-use assets (Note 5)	730,511	1,102,915
Property and equipment (Note 6)	1,720,934	1,024,001
Goodwill (Note 7)	6,900,830	7,689,450
Intangibles (Note 7)	5,040,078	5,994,339
Unallocated purchase price (Note 12)	14,515,244	-
Investment in associate (Note 9)	77,066	167,416
	\$ 55,323,596	\$ 45,165,429
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 20)	\$ 6,814,132	\$ 6,829,185
Promissory note payable (Note 10)	-	170,640
Loans and notes payable (Note 10)	11,847	12,619
Lease liabilities (Note 11)	323,637	405,326
Income tax payable	329,286	395,282
	7,478,902	7,813,052
Loans and notes payable (Note 10)	39,040	53,465
Lease liabilities (Note 11)	614,496	955,383
Deferred tax liability	1,138,650	1,332,001
	9,271,088	10,153,901
Shareholders' Equity		
Share capital (Note 14)	103,630,194	104,151,855
Contributed surplus (Note 16)	29,528,620	29,060,545
Accumulated other comprehensive loss	(1,856,740)	(539,634)
Deficit	(99,678,792)	(97,661,238)
Equity attributable to shareholders	31,623,282	35,011,528
Non-controlling interest (Note 13)	14,429,226	-
	46,052,508	35,011,528
	\$ 55,323,596	\$ 45,165,429

NATURE OF OPERATIONS (Note 1)

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,	
	2020	2019	2020	2019
Sales, net of excise tax	\$ 4,203,687	\$ 2,111,949	\$ 11,879,754	\$ 8,912,010
Cost of sales	2,935,776	1,799,334	7,956,371	6,534,387
Gross profit	1,267,911	312,615	3,923,383	2,377,623
Expenses				
General and administrative expenses (Note 18)	3,031,272	3,476,941	6,801,860	8,180,131
Foreign exchange loss	27,171	78,018	301,178	91,967
Interest income	(28,951)	(35,028)	(88,713)	(177,078)
Amortization of intangible assets	115,856	117,453	357,381	352,361
Total expenses	(3,145,348)	(3,637,384)	(7,371,706)	(8,447,381)
Net loss for the period before other items:	(1,877,437)	(3,324,769)	(3,448,323)	(6,069,758)
Unrealized gain (loss) on investments at fair value	251,225	(836,517)	661,545	(17,671,390)
Equity loss pick-up (Note 9)	(25,165)	(20,171)	(90,350)	(72,604)
Realized gain (loss) on investments at fair value	881,030	(6,733,616)	388,564	(6,733,616)
Loss on write off of property and equipment	(399,219)	-	(399,219)	-
Net loss	(1,169,566)	(10,915,073)	(2,887,783)	(30,547,368)
Other comprehensive (loss) income				
Items that may be reclassified subsequently:				
Share of loss from investment in associate (Note 9)	5,383	1,958	(95,161)	11,338
Foreign currency translation adjustment	(766,977)	33,587	(1,221,945)	491,939
	(761,594)	35,545	(1,317,106)	503,277
Comprehensive loss for the period	\$ (1,931,160)	\$ (10,879,528)	\$ (4,204,889)	\$ (30,044,091)
Net loss attributable to:				
Shareholders of the Company	(824,947)	-	(2,503,399)	-
Non-controlling interest	(344,619)	-	(384,384)	-
	(1,169,566)	-	(2,887,783)	-
Loss per share - basic and diluted (Note 17)	\$ (0.03)	\$ (0.28)	\$ (0.07)	\$ (0.78)

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,	
	2020	2019
Cash (used in) provided by:		
Operating Activities		
Net loss for the period	\$ (2,887,783)	\$(30,547,368)
Unrealized (gain) loss on other investments	(661,545)	17,671,390
Realized (gain) in investments at fair value	(388,564)	-
Foreign exchange loss	377,374	-
Loss on write-off of property and equipment	399,219	-
Unrealized loss on investment in associate	90,350	171,825
Depreciation and amortization	675,705	159,830
Accretion	86,638	-
Stock based compensation expense	468,075	-
Other	(4,497)	4,475
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	47,419	(2,062,066)
Accounts payable and accrued liabilities	(15,053)	107,275
Inventory	(405,062)	249,618
Other payable	-	76,627
	(2,217,724)	(14,168,394)
Financing activities		
Repurchase of shares	(35,816)	(952,924)
Lease payments	(322,852)	-
	(358,668)	(952,924)
Investing Activities		
Additions to property and equipment	(1,288,804)	-
Repayments of loans and notes payable	(178,651)	(1,047,581)
Purchase of investments at fair value	(794,868)	-
Proceeds from sale of investments at fair value	2,154,260	-
Receipts from loan receivable	17,040	-
	(91,023)	(1,047,581)
Change in cash and cash equivalents	(2,667,415)	(16,084,755)
Foreign exchange effect	(309,283)	84,144
Cash and cash equivalents, beginning of period	19,766,334	32,722,957
Cash and cash equivalents, end of period	\$ 16,789,636	\$ 16,638,202
SUPPLEMENTAL INFORMATION:		
Interest received	\$ 15,317	\$ 30,828
Interest paid	\$ 4,738	\$ 39,921

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	Accumulated Other Comprehensive Loss	Deficit	Non-controlling Interest	Total
Balance, March 31, 2019	\$ 106,448,007	\$ 18,889,485	\$ 10,171,060	\$ (271,348)	\$ (65,983,028)	\$ -	\$ 69,254,176
Share repurchase	(1,762,361)	-	-	-	757,452	-	(1,004,909)
Common shares issued for exercise of warrants	4,000	-	-	-	-	-	4,000
Net comprehensive loss for the period	-	-	-	(121,279)	(30,547,368)	-	(30,668,647)
Balance, December 31, 2019	\$ 104,689,646	\$ 18,889,485	\$ 10,171,060	\$ (392,627)	\$ (95,772,944)	\$ -	\$ 37,584,620
Balance, March 31, 2020	\$ 104,151,855	\$ -	\$ 29,060,545	\$ (539,634)	\$ (97,661,238)	\$ -	\$ 35,011,528
Share repurchase	(521,661)	-	-	-	485,845	-	(35,816)
Change in ownership interest in subsidiary	-	-	-	-	-	14,813,610	14,813,610
Share based compensation	-	-	468,075	-	-	-	468,075
Net comprehensive loss for the period	-	-	-	(1,317,106)	(2,503,399)	(384,384)	(4,204,889)
Balance, December 31, 2020	\$ 103,630,194	\$ -	\$ 29,528,620	\$ (1,856,740)	\$ (99,678,792)	\$ 14,429,226	\$ 46,052,508

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, 2020
(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 is an operating company engaged in the retail sale of cannabis products.

The unaudited consolidated interim consolidated financial statements were approved by the Board of Directors on March 1, 2021.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. In response, Captor has shifted its strategic approach and the manner in which it operates its business to continue providing affordable and high quality products to its customers, and ensure that its workplace and stores have appropriate measures in place to limit social interactions and enforce social distancing measures. The Company has also taken steps to alter its marketing methods, conserve cash, and align its overall strategic direction to preserve the health of its business.

On March 31, 2020, the Company implemented certain initiatives in response to the impact of the COVID-19 pandemic. Such initiatives aim to allow the Company to continue offering affordable and high quality products in a safe environment, with additional measures in place to allow its customers to access its products while limiting social interactions, and enforcing social distancing measures throughout its retail stores. These initiatives have allowed the Company to operate mostly uninterrupted and to implement its business continuity plan. Some of the measures that Captor initiated included: (i) increasing curbside pick-up and/or drive-thru options at all of its retail locations; (ii) expanding home delivery services to customers located in Castroville and Santa Cruz areas; and (iii) enhancing its in-store safety and sanitation protocols. The Company has also increased its efforts to align labour costs with customer demand and reduce all non-essential operational expenses.

As of the approval date of these unaudited condensed interim consolidated financial statements, the Company's operations have not been significantly impacted as cannabis has been deemed an essential service in the state of California since March, 2020. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2020 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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 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, 2020, 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, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

These unaudited condensed interim consolidated financial statements include the consolidated accounts of the Company and its subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity.

Subsidiaries are consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows for the Company and its subsidiaries after eliminating inter-entity balances and transactions.

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Name	Place of incorporation	Ownership	
		December 31, 2020	March 31, 2020
Captor Capital Corp.	Ontario, Canada	100%	100%
Captor Acquisition Corp.	Delaware, USA	100%	100%
Captor Retail Group Inc.	California, USA	51%	nil
Chai Cannabis Co. Inc.	California, USA	100%	100%
Higher Level of Care	California, USA	100%	100%
Captor Cash Management Inc.	California, USA	100%	100%
CAC Consumer Services LLC	Delaware, USA	100%	100%
CAC Consumer Group LLC	California, USA	100%	100%
Mellow Extracts LLC	California, USA	100%	100%
Fesanta Investments Ltd.	Republic of Cyprus	100%	100%
I-5 Holdings Ltd.	British Columbia, Canada	100%	100%
ICH Holdings Ltd.	Washington, USA	100%	100%
ICH Washington Holdings Ltd.	Washington, USA	100%	100%
Northwest Minerals Mexico, S.A. de C.V.	Mexico	100%	100%

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2020 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) New accounting policies

Business Combinations

On October 22, 2018, the IASB issued amendments to the guidance in IFRS 3 - Business Combinations ("IFRS 3"), revising the definition of a business and providing for the addition of an optional 'concentration test' to determine if the acquisition is a business. To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The three elements of a business are defined as follows:

- Input - Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs, when one or more processes are applied to it.
- Process - Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- Output - The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

The optional 'concentration test' permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the sets of activities and assets is determined not to be a business and no further assessment is needed.

Effective April 1, 2020, the Company adopted the new IFRS 3 accounting standard and will apply it prospectively. Under this approach, there is no impact on the Company's unaudited condensed interim consolidated financial statements and the comparatives remain as previously reported.

3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at December 31, 2020	As at March 31, 2020
Sales tax receivable - Canada	\$ 193,724	\$ 143,603
Amounts receivable	114,085	162,633
Other receivables ⁽¹⁾⁽²⁾	1,177,064	882,424
Prepaid expenses and deposits	1,330,687	1,563,118
	2,815,560	2,751,778
Long-term other receivable ⁽²⁾	(775,765)	(621,630)
	\$ 2,039,795	\$ 2,130,148

(1) During the year ended March 31, 2020, the Company deemed that \$127,387 of receivables were uncollectible and wrote down receivables by that amount.

(2) Includes two loan receivables discounted at 15% over the 60 month terms.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine months Ended December 31, 2020
(Expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

4. LEASE RECEIVABLE

The Company entered into an agreement to sublease its former office space to an arm's length party in a prior year. The sublease expires on September 30, 2022.

The continuity of the net investment in sublease is presented in the table below:

	As at December 31, 2020	As at March 31, 2020
Balance, beginning of period	\$ 175,240	\$ -
Additions on IFRS 16 adoption	-	258,502
Finance income on lease receivable	7,663	3,614
Lease receipts	(61,725)	(81,716)
Impact of foreign exchange	(15,265)	(5,160)
Balance, end of period	\$ 105,913	\$ 175,240

The net investment in sublease is classified as follows:

	As at December 31, 2020	As at March 31, 2020
Current portion	\$ 37,623	\$ 75,368
Non-current portion	68,290	99,872
Total net investment in sublease	\$ 105,913	\$ 175,240

5. RIGHT-OF-USE ASSETS

Balance - March 31, 2019	\$ -
Additions	1,892,891
Amortization	(450,264)
Disposal	(405,004)
Impact of foreign exchange	65,292
Balance - March 31, 2020	1,102,915
Amortization	(272,955)
Impact of foreign exchange	(99,449)
Balance - December 31, 2020	\$ 730,511

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended December 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

6. PROPERTY AND EQUIPMENT

Cost	Computer	Cannabis equipment	Leasehold improvements	Vehicles	Total
At March 31, 2019	\$ 13,331	\$ 498,637	\$ 709,900	\$ 149,188	\$ 1,371,056
Additions during the year	36,167	30,406	295,991	-	362,564
Disposal	-	-	(438,306)	(63,929)	(502,235)
Impairment	-	(128,043)	-	-	(128,043)
Impact of foreign exchange	3,377	(41,048)	(2,845)	22,077	(18,439)
At March 31, 2020	52,875	359,952	564,740	107,336	1,084,903
Additions during the period	33,841	3,788	1,251,175	-	1,288,804
Impairment	-	-	(399,219)	-	(399,219)
Impact of foreign exchange	(7,117)	(45,535)	(92,143)	(11,008)	(155,803)
At December 31, 2020	\$ 79,599	\$ 318,205	\$ 1,324,553	\$ 96,328	\$ 1,818,685
Accumulated depreciation					
At March 31, 2019	\$ 1,451	\$ -	\$ 98,883	\$ 18,016	\$ 118,350
Depreciation expense	11,545	3,583	-	33,561	48,689
Disposal	-	-	(98,883)	(1,894)	(100,777)
Impairment	(688)	237	-	(4,909)	(5,360)
At March 31, 2020	12,308	3,820	-	44,774	60,902
Depreciation expense	12,488	3,281	7,612	21,987	45,368
Impact of foreign exchange	(1,888)	(557)	(381)	(5,693)	(8,519)
At December 31, 2020	\$ 22,908	\$ 6,544	\$ 7,231	\$ 61,068	\$ 97,751
Carrying value					
At March 31, 2020	\$ 40,567	\$ 356,132	\$ 564,740	\$ 62,562	\$ 1,024,001
At December 31, 2020	\$ 56,691	\$ 311,661	\$ 1,317,322	\$ 35,260	\$ 1,720,934

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2020
 (Expressed in Canadian Dollars, unless otherwise indicated)
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7. GOODWILL AND INTANGIBLES

Cost	Licenses	Customer relationship	Tradename	Total Intangibles	Goodwill
At March 31, 2019	\$ 3,940,148	\$ 1,023,290	\$ 1,325,780	\$ 6,289,218	\$ 7,146,211
Impact of foreign exchange	294,440	78,250	94,557	467,247	543,239
At March 31, 2020	4,234,588	1,101,540	1,420,337	6,756,465	7,689,450
Impact of foreign exchange	(434,294)	(112,973)	(145,668)	(692,935)	(788,620)
At December 31, 2020	\$ 3,800,294	\$ 988,567	\$ 1,274,669	\$ 6,063,530	\$ 6,900,830
Accumulated amortization					
At March 31, 2019	\$ -	\$ 103,589	\$ 125,166	\$ 228,755	\$ -
Amortization	-	212,565	259,845	472,410	-
Impairment	-	27,382	33,579	60,961	-
At March 31, 2020	-	343,536	418,590	762,126	-
Amortization	-	156,103	201,278	357,381	-
Impact of foreign exchange	-	(43,048)	(53,007)	(96,055)	-
At December 31, 2020	\$ -	\$ 456,591	\$ 566,861	\$ 1,023,452	\$ -
Carrying value					
At March 31, 2020	\$ 4,234,588	\$ 758,004	\$ 1,001,747	\$ 5,994,339	\$ 7,689,450
At December 31, 2020	\$ 3,800,294	\$ 531,976	\$ 707,808	\$ 5,040,078	\$ 6,900,830

As of March 31, 2020, the Company performed its annual impairment tests for goodwill and intangible assets. The recoverable amount of all cash generating units was determined based on their value-in-use using Level 3 inputs in a discounted cash flow model. The key assumptions used in the estimates of the recoverable amounts are described as follows:

- Cash flows: Estimated cash flows were projected based on the Company's business plans, which are based on actual operating results from internal sources as well as industry and market trends. The forecasts were extended to a total of 5 years (with a terminal year thereafter);
- Terminal value of growth rate: The terminal growth rate of 3% was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth; and
- Discount rate: The post tax discount rates were 13% to 25%.

As at December 31, 2020, management determined that the goodwill and intangible assets were not impaired.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine months Ended December 31, 2020
 (Expressed in Canadian Dollars, unless otherwise indicated)
 (Unaudited)

8. INVESTMENTS AT FAIR VALUE

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

	Level 1	Level 1	Level 3	
	MedMen Enterprises (a)	Other investment (Public)	Other investment (Private)	Total
At March 31, 2019	\$ 29,499,787	\$ 1,024,932	\$ 717,163	\$ 31,241,882
Additions (disposal)	(11,673,471)	3,351,860	-	(8,321,611)
Revaluation to fair market value	(17,612,429)	295,525	178,678	(17,138,226)
At March 31, 2020	213,887	4,672,317	895,841	5,782,045
Additions (disposal)	-	(970,827)	-	(970,827)
Revaluation to fair market value	(101,686)	801,319	-	699,633
At December 31, 2020	\$ 112,201	\$ 4,502,809	\$ 895,841	\$ 5,510,851

Within Level 3, the Company includes non-public company investments. The key assumptions used in the valuation of these instruments include the value at which a recent financing was done by the investee and company-specific information.

(a) During the year ended March 31, 2020, the Company sold 6,493,802 shares for cash of \$4,927,338. As at December 31, 2020, the Company held 701,268 shares in MedMen Enterprises with a value of \$112,201.

9. INVESTMENT IN ASSOCIATE

As at December 31, 2020 the Company owned 118,511 common shares (March 31, 2020 - 118,511 common shares) in URU Metals Limited ("URU") which represents approximately 15% (March 31, 2020 - 15%) of URU's shareholding.

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

Investment as at March 31, 2019	\$ 275,109
Captor's share of loss and comprehensive loss from April 1, 2019 to March 31, 2020	(107,693)
Investment as at March 31, 2020	167,416
Captor's share of loss and comprehensive loss from April 1, 2020 to December 31, 2020	(90,350)
Investment as at December 31, 2020	\$ 77,066

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine months Ended December 31, 2020
(Expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

9. INVESTMENT IN ASSOCIATE (Continued)

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 comprehensive loss	Nine Months Ended December 31,	
	2020	2019
Depreciation	\$ 36,188	\$ 20,000
Net loss	595,093	1,145,500
Other comprehensive loss	(95,161)	613,000
Total comprehensive loss	499,932	1,758,500

10. LOANS AND NOTES PAYABLE

(i) The Company entered into certain auto loans for the purchase of vehicles. The table below is a summary of the continuity of the auto loans:

Balance - March 31, 2019	\$ 73,449
Interest expenses	4,153
Repayments	(15,305)
Impact of foreign exchange	3,787
Balance - March 31, 2020	66,084
Interest expenses	2,697
Repayments	(11,561)
Impact of foreign exchange	(6,333)
Balance - December 31, 2020	\$ 50,887
Current portion	\$ 11,847
Non-current portion	\$ 39,040

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.

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2020 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

10. LOANS AND NOTES PAYABLE (Continued)

(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 the Chai Santa Cruz store and issued a note payable to Salvatore Palma in the amount of US\$1,375,000 for the purchase of the Chai Monterey store. The table below is a summary of the continuity of the promissory notes payable:

	Chris Morganelli	Salvatore Palma	Total
Balance - March 31, 2019	\$ 635,429	\$ 1,780,111	\$ 2,415,540
Interest expense	9,296	137,279	146,575
Repayments	(519,658)	(1,909,742)	(2,429,400)
Impact of foreign exchange	45,573	(7,648)	37,925
Balance - March 31, 2020	170,640	-	170,640
Interest expense	468	-	468
Repayments	(167,090)	-	(167,090)
Impact of foreign exchange	(4,018)	-	(4,018)
Balance - December 31, 2020	\$ -	\$ -	\$ -

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.

11. LEASE LIABILITIES

On April 1, 2019, the Company adopted IFRS 16. As at April 1, 2019, the Company recognized right-of-use assets of \$1,892,891, lease receivable of \$258,502 (note 4) and lease liability of \$2,151,393. 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, 2020. 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:

Balance - March 31, 2019	\$ -
Additions on IFRS 16 adoption	2,151,393
Disposal	(423,049)
Accretion expense	181,490
Lease payments	(618,493)
Impact of foreign exchange	69,368
Balance - March 31, 2020	1,360,709
Accretion expense	86,639
Lease payments	(384,577)
Impact of foreign exchange	(124,638)
Balance - December 31, 2020	\$ 938,133
Current portion	\$ 323,637
Non-current portion	\$ 614,496

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11. LEASE LIABILITIES (Continued)

Maturity analysis - contractual undiscounted cash flows

As at December 31, 2020

Due less than one year	\$	354,940
Due between one and two years		372,655
Due between two and three years		177,268
Due thereafter		183,341
Total undiscounted lease obligations	\$	1,088,204

During the nine months ended December 31, 2020, the Company expensed \$32,000 (year ended March 31, 2020 - \$19,965) related to short-term leases.

12. BUSINESS ACQUISITION

(i) In August 2020, the Company announced that Captor through two of its subsidiaries, Captor Acquisition Corp and Captor Retail Group ("CRG") entered into a contribution agreement with California based Three Habitat Consulting Holdco Inc. ("Three Habitat"), which owns and operates a retail chain of dispensaries in California under the brand One Plant®. Under the terms of the contribution agreement entered into between Captor and Three Habitat (the "Contribution Agreement"), Captor contributed \$2 million in cash along with its two Chai branded dispensaries in Santa Cruz and Castroville in exchange for a 51% interest in CRG. Three Habitat contributed its seven One Plant dispensaries to CRG in exchange for a 49% interest in CRG. Of the seven dispensaries being contributed to CRG by Three Habitat, the retail dispensaries in Salinas, Atwater, and El Sobrante are licensed and operating. The locations in Antioch, Goleta, Lompoc, and Palm Springs are currently under construction and are expected to be operational in the near future.

The acquisition was accounted for accordance with *IFRS 3 Business Combinations*. Accordingly, the acquisition of the seven One Plant® dispensaries is accounted at the fair value of the equity instruments issued. The excess of consideration over the net assets acquired has been recorded as unallocated purchase price. The Company is in the process of determining the appropriate values of intangible assets received from the acquisition.

The fair value of the consideration is as follows:

Issuance of 49% interest in CRG	\$	14,813,610
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The consideration has been allocated as follows:

Current assets	\$	298,366
Unallocated purchase price		14,515,244
	\$	14,813,610

13. NON- CONTROLLING INTEREST

The continuity of CRG's non-controlling interest at December 31, 2020 is as follows:

Company's ownership interest 51%

Balance, March 31, 2020	\$	-
Non-controlling interest arising on acquisition of One Plant® dispensaries		14,813,610
Share of loss for the period ended December 31, 2020		(384,384)
Balance, December 31, 2020	\$	14,429,226

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14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

	Number of shares	Amount
Balance, March 31, 2019	39,586,639	\$ 106,448,007
Share repurchase (i)	(655,400)	(1,762,361)
Common shares issued for exercise of warrants	2,000	4,000
Balance, December 31, 2019	38,933,239	\$ 104,689,646
Balance, March 31, 2020	38,733,239	\$ 104,151,855
Share repurchase (i)	(194,000)	(521,661)
Balance, December 31, 2020	38,539,239	\$ 103,630,194

On May 5, 2020, the Company announced a normal course issuer bid ("NCIB") to expend up to an aggregate of \$5 million on the purchase of common shares of the Company. The actual number of shares that may be purchased under the NCIB, the value of the consideration per share, and the exact timing of any such purchases will be determined by the Company.

(i) During the nine months ended December 31, 2020, 194,000 common shares (September 30, 2019 - 655,400) were purchased for cash consideration of \$35,816 (September 30, 2019 - \$1,004,909) 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.

15. WARRANTS

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

	Number of warrants	Weighted average exercise price
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
Balance, March 31, 2020 and December 31, 2020	-	\$ -

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16. 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, 2019	2,035,000	\$ 5.59
Options expired	(210,000)	2.00
Balance, December 31, 2019	1,825,000	\$ 6.00
Balance, March 31, 2020	1,825,000	6.00
Options granted (i)	1,975,000	0.30
Options expired	(1,825,000)	6.00
Balance, December 31, 2020	1,975,000	\$ 0.30

(i) On October 19, 2020, the Company granted 1,975,000 stock options to directors, officers, and consultants. All options vested immediately and each option entitles the holder to purchase one (1) common share at a price of \$0.30 per common share for a period of three (3) years from date of grant.

A value of \$468,075 was estimated for the 1,975,000 stock options on the date of grant with the following assumptions and inputs: share price of \$0.30; exercise price of \$0.30; expected dividend yield of 0%; expected volatility of 144% which is based on historical data; riskfree interest rate of 0.25%; and an expected average life of three years.

The Company had the following stock options outstanding at December 31, 2020:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
1,975,000	1,975,000	2.80	0.30	October 19, 2023

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17. LOSS PER SHARE

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Net loss for the period	\$ (1,169,566)	\$ (10,915,073)	\$ (2,887,783)	\$ (30,547,368)
Net loss per share - basic and diluted	\$ (0.03)	\$ (0.28)	\$ (0.07)	\$ (0.78)
Weighted average number of shares outstanding - basic and diluted	38,500,435	38,837,587	38,615,406	38,976,759

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Management and administrative services (Note 20)	\$ 177,447	\$ 114,000	\$ 488,829	\$ 286,998
Professional fees	327,583	1,331,379	1,370,644	2,905,282
Business advisory fees	-	11,236	-	165,249
Operational expenses	1,895,373	1,857,492	4,012,140	3,899,672
Travel expenses	13,815	(82,715)	22,952	178,654
Regulatory fees	16,073	14,870	29,522	45,246
Share based compensation (Note 16)	468,075	-	468,075	-
Interest and penalty	1,257	2,878	4,738	94,871
Depreciation	17,579	67,204	45,367	113,403
Accretion	25,583	41,349	86,638	131,789
Amortization - right-of-use assets	88,487	119,248	272,955	358,967
	\$ 3,031,272	\$ 3,476,941	\$ 6,801,860	\$ 8,180,131

19. 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, 2020	Corporate	Cannabis Operations	Total
Current assets	\$ 23,367,966	\$ 2,157,579	\$ 25,525,545
Property and equipment	-	1,720,934	1,720,934
Other assets	890,454	27,186,663	28,077,117
Total assets	\$ 24,258,420	\$ 31,065,176	\$ 55,323,596

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19. SEGMENTED INFORMATION (Continued)

Operating segments (continued)

As at March 31, 2020	Corporate	Cannabis Operations	Total
Current assets	\$ 26,856,905	\$ 1,608,901	\$ 28,465,806
Property and equipment	-	1,024,001	1,024,001
Other assets	888,918	14,786,704	15,675,622
Total assets	\$ 27,745,823	\$ 17,419,606	\$ 45,165,429

Nine Months Ended December 31, 2020	Corporate	Cannabis Operations	Total
Sales, net of excise tax	\$ -	\$ 11,879,754	\$ 11,879,754
Gross profit	-	3,923,384	3,923,384
Net loss	919,385	1,968,398	2,887,783

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)

Geographical segments

As at December 31, 2020	Canada	United States	Other	Total
Current assets	\$ 21,387,184	\$ 2,553,512	\$ 1,584,849	\$ 25,525,545
Property and equipment	-	1,720,934	-	1,720,934
Other assets	77,066	28,000,051	-	28,077,117
Total assets	\$ 21,464,250	\$ 32,274,497	\$ 1,584,849	\$ 55,323,596

As at March 31, 2020	Canada	United States	Other	Total
Current assets	\$ 25,000,734	\$ 1,876,459	\$ 1,588,613	\$ 28,465,806
Property and equipment	-	1,024,001	-	1,024,001
Other assets	167,416	15,508,206	-	15,675,622
Total assets	\$ 25,168,150	\$ 18,408,666	\$ 1,588,613	\$ 45,165,429

Nine Months Ended December 31, 2020	Canada	United States	Other	Total
Sales, net of excise tax	\$ -	\$ 11,879,754	\$ -	\$ 11,879,754
Gross profit	-	3,923,384	-	3,923,384
Net loss	517,938	2,327,991	41,854	2,887,783

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)

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20. 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,	
	2020	2019	2020	2019
Directors fees (i)	\$ 45,000	\$ 49,000	\$ 165,000	\$ 112,000
Alegana Enterprises Ltd. ("Alegana") (ii)	55,000	55,000	165,000	164,998
2249872 Ontario Ltd. (iii)	15,000	10,000	15,000	10,000
Marrelli Support Services Inc ("MSSI") (iii)	4,500	4,500	13,500	13,500
Alexander Dement'ev (v)	-	13,000	-	43,000
CFO Advantage Inc. (vi)	-	-	-	20,000
Roeedo Enterprises LLC (v)	38,739	-	120,121	-
Share based compensation	237,000	-	237,000	-
	\$ 395,239	\$ 131,500	\$ 715,621	\$ 363,498

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at December 31, 2020, is \$60,000 (March 31, 2020 - \$60,000) 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, 2020 is \$610,810 (March 31, 2020 - \$610,810) owing to Alegana.

(iii) 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 December 31, 2020 is \$16,992 (March 31, 2020 - \$2,978) owing to MSSI.

(v) Roeedo Enterprises LLC is a company controlled by Mark Klein, a director of Captor for consulting services performed for the Company.

(vi) The Company is owed \$25,576 (March 31, 2020 - \$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.

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21. 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, 2020				
Investments at fair value	\$ 4,615,370	\$ -	\$ 895,481	\$ 5,510,851

As at March 31, 2020

Investments at fair value	\$ 4,886,564	\$ -	\$ 895,481	\$ 5,782,045
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(b) Fair values of financial assets and liabilities:

	December 31, 2020		March 31, 2020	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Amortized cost				
Amounts receivable (i)	\$ 1,952,829	\$ 1,952,829	\$ 1,504,054	\$ 1,504,054
Lease receivable (i)	105,913	105,913	175,241	175,241
	\$ 2,058,742	\$ 2,058,742	\$ 1,679,295	\$ 1,679,295
FVTPL				
Cash and cash equivalents	\$ 16,789,636	\$ 16,789,636	\$ 19,766,334	\$ 19,766,334
Investments at fair value	5,510,851	5,510,851	5,782,045	5,782,045
	\$ 22,300,487	\$ 22,300,487	\$ 25,548,379	\$ 25,548,379
Other financial liabilities				
Accounts payable and accrued liabilities (i)	\$ 6,814,132	\$ 6,814,132	\$ 6,829,185	\$ 6,829,185
Promissory note payable	-	-	170,640	170,640
Loans and notes payable	50,887	50,887	66,084	66,084
	\$ 6,865,019	\$ 6,865,019	\$ 7,065,909	\$ 7,065,909

(i) The carrying amounts of amounts receivable, lease 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.

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22. OTHER EVENT

On August 10, 2020, the Company entered into a stock purchase and sale agreement with Wealthcraft Capital Corp. ("Wealthcraft") whereby Wealthcraft would acquire 100% of the issued and outstanding shares of ICH Washington Holdings Ltd., a wholly owned subsidiary of Captor. As consideration for the sale, Wealthcraft will issue 2,250,000 common shares from its treasury and issue a \$117,500 promissory note to Captor which shall bear no interest and mature in five years from the date of closing. As at December 31, 2020, the sale was not completed.