CAPTOR CAPITAL CORP.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2021

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Captor Capital Corp. (the "Company" or "Captor") for the three and six months ended September 30, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended March 31, 2021. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended March 31, 2021 and 2020, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 29, 2021 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considered the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Captor common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (collectively, "forward-looking information"). All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information and statements regarding:

- the business, revenue, results and future activities of, and developments related to, the Company after the date of this MD&A, including as a result of the impact of COVID-19 and planned reductions of operating (including marketing) and capital expenses, including that cost of goods sold will increase at a slower rate than revenues,
- future business strategy, competitive strengths, goals, future expansion and growth of the Company's business and operations,
- the successful implementation of cost reduction strategies and plans, expectations and any targets for such strategies and plans, including expected additional improvements in reduction of Corporate SG&A (Non-IFRS) in upcoming quarters and reductions in marketing expenditures and focus on high return on investment marketing initiatives that drive sales and profitability,

- whether any proposed transactions will be completed on the current terms and contemplated timing,
- expectations for the effects of any such proposed transactions, including the potential number and location of dispensaries or licenses to be acquired or disposed of,
- the ability of the Company to successfully achieve its business objectives as a result of completing such proposed acquisitions or dispositions,
- the contemplated use of proceeds remaining from previously completed capital raising activities,
- the application for additional licenses and the grant of licenses or renewals of existing licenses for which the Company has applied or expects to apply,
- the rollout of new dispensaries, including as to the number of planned dispensaries to be opened in the future and the timing and location in respect of the same, and related forecasts,
- the expansion into additional markets,
- expectations as to the development and distribution of the Company's brands and products,
- new revenue streams,
- the impact of the Company's digital and online strategy,
- the implementation or expansion of the Company's in-store and curbside pickup services,
- the ability of the Company to successfully execute its strategic plans,
- any changes to the business or operations as a result of any potential future legalization of adult-use and/or medical cannabis under U.S. federal law,
- expectations of market size and growth in the United States and the states in which the Company operates or contemplates future operations and the effect that such growth will have on the Company's financial performance,
- statements that imply or suggest that returns may be experienced by investors or the level thereof,
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally, and
- other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on assumptions, estimates, analysis and opinions of management of the Company at the time they were provided or made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon estimates and assumptions of management at the date the statements are made including among other things estimates and assumptions about:

- the impact of epidemic diseases, such as the recent outbreak of the COVID-19 illness,
- contemplated dispositions being completed on the current terms and current contemplated timeline,
- development costs remaining consistent with budgets,
- the ability to raise sufficient capital to advance the business of the Company and to fund planned operating and capital expenditures and acquisitions,
- the ability to manage anticipated and unanticipated costs,
- achieving the anticipated results of the Company's strategic plans,
- increasing gross margins, including relative to increases in revenue,
- the amount of savings expected from cost-cutting measures and divestitures of non-core assets, including the impact on Corporate SG&A (Non-IFRS) and EBITDA,
- favorable equity and debt capital markets,
- the availability of future funding under the Company's equity and debt finance facilities,
- stability in financial and capital markets,
- the ability to sustain negative operating cash flows until profitability is achieved,

- the ability to satisfy operational and financial covenants under the Company's existing debt obligations,
- favorable operating and economic conditions,
- political and regulatory stability,
- obtaining and maintaining all required licenses and permits,
- receipt of governmental approvals and permits,
- sustained labor stability,
- favorable production levels and sustainable costs from the Company's operations,
- consistent or increasing pricing of various cannabis products,
- the ability of the Company to negotiate favorable pricing for the cannabis products supplied to it,
- the level of demand for cannabis products, including the Company's and third-party products sold by the Company,
- the continuing availability of third-party service providers, products and other inputs for the Company's operations, and
- the Company's ability to conduct operations in a safe, efficient and effective manner.

While the Company considers these estimates and assumptions to be reasonable, the estimates and assumptions are inherently subject to significant business, social, economic, political, regulatory, public health, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many estimates and assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others:

- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks,
- risks and uncertainties related to the recent outbreak of COVID-19 and the impact it may have on the global economy and retail sector, particularly the cannabis retail sector in the states in which the Company operates, and on regulation of the Company's activities in the states in which it operates, particularly if there is any resurgence of the pandemic in the future,
- the inability to raise necessary or desired funds,
- risks related to future acquisitions or dispositions, resulting in unanticipated liabilities,
- reliance on the expertise and judgment of senior management of the Company,
- adverse changes in public opinion and perception of the cannabis industry,
- risks relating to anti-money laundering laws and regulation,
- risks of new and changing governmental and environmental regulation,
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties),
- risks related to contracts with and the inability to satisfy obligations to third-party service providers,
- risks related to the unenforceability of contracts,
- the limited operating history of the Company,
- risks inherent in an agricultural business,
- risks related to proprietary intellectual property and potential infringement by third parties,
- risks relating to financing activities including leverage,
- the inability to effectively manage growth,
- costs associated with the Company being a publicly traded company,
- the dilutive impact of raising additional financing through equity or convertible debt given the decline in the Company's share price,
- increasing competition in the industry,
- increases in energy costs and other input costs,

- risks associated with cannabis products manufactured for human consumption, including potential product recalls,
- inputs, suppliers and skilled labor being unavailable or available only at uneconomic costs,
- breaches of and unauthorized access to the Company's systems and related cybersecurity risks,
- constraints on marketing cannabis products,
- fraudulent activity by employees, contractors and consultants,
- tax and insurance related risks, including any changes in cannabis or cultivation tax rates,
- risks related to the economy generally,
- conflicts of interest of management and directors,
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties,
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada,
- sales by existing shareholders negatively impacting market prices,
- the limited market for securities of the Company,
- limited research and data relating to cannabis.

Readers are cautioned that the foregoing lists are not exhaustive of all factors, estimates and assumptions that may apply to or impact the Company's results. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information and statements contained in this MD&A, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented to assist readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this MD&A represent the Company's views and expectations as of the date of this MD&A unless otherwise indicated. The Company anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so, except to the extent required by applicable law.

Description of Business

Captor was incorporated under the laws of the Province of Ontario, Canada by articles of incorporation on September 26, 2003 and Captor's outstanding common shares became publicly listed on March 19, 2004 on the TSX Venture Exchange (the "Exchange") under the symbol "NWT". Subsequently, the Company's outstanding common shares were listed on the OTCBB under the symbol "NWURF" and on the Frankfurt Exchange. The Company de-listed its common shares from the Exchange on June 1, 2017 and submitted an application for listing its common shares on the Canadian Securities Exchange ("CSE"). 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 CSE under the symbol "CPTR".

The Company is a cannabis operating company with licences for distribution and retail in the State of California, the largest cannabis consumer market in the USA. Currently, the Company has two cannabis dispensaries, which operate under the proprietary name Chai Cannabis ("Chai"), located in Santa Cruz and Castroville, respectively. The Chai stores are known for having a diverse set of competitively priced high quality product brands and an excellent budtender led customer service. Supplementing the bricks and mortar retail presence is the Company's direct to consumer delivery business, which also operates under the Chai brand.

During the past financial year, Captor made several adjustments to its retail model, chiefly an increased focus on delivery service and online orders. Chai Cannabis has released an updated e-commerce site featuring several enhancements and improvements, most notably on the user interface and experience. The Company has seen a significant increase in online orders after debuting the new website and instituting a curbside pick-up option in response to COVID-19. The Company is currently evaluating a number of advertising and marketing options to increase customer awareness surrounding the new and improved e-commerce platform. In August 2020, the Company entered into a joint venture with Three Habitat Consulting Holdco Inc. and now holds a 51 percent stake in Captor Retail Group Inc. ("CRG"). CRG operates the two Chai branded dispensaries and three operating One Plant dispensaries, and holds four additional cannabis retail licences.

The existing infrastructure of Captor's cannabis retail operations are sophisticated retail outlets, utilizing proprietary analytics to increase efficiencies and profitability. As retail dispensaries are opened, Captor will benefit from economies of scale and will realize a direct impact to EBITDA while maintaining their consumer-focused approach.

Captor also benefits from both the geographic location of its dispensaries and the footprint of the physical buildings that house the retail dispensaries. Geographically, the retail locations are well-positioned in mature counties in California where adult-use is legal. Moreover, the physical locations are ideal to support a robust delivery platform, allowing for immediate access to some of California's most densely populated markets without the burden of paying premium rents.

Highlights

- On April 30, 2021, the Company closed a non-brokered private placement of 12,800,861 units at a price of $0.95 for gross proceeds of $12,160,818. Each unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share at an exercise price of $1.20 per share for a period of 24 months from the closing.

- On May 18, 2021, the Company announced the appointment of Alex Spiro and Brady Cobb to the Board of Directors. In connection with these appointments, Henry Kloepper has stepped down from the Board.

- On August 18, 2021, the Company granted 723,626 stock options to the directors of the Company in accordance with the Company's stock option plan. Each option entitles the holder to purchase one common share at a price of $1.60, for a period of three years from the date of grant. The options will fully vested on October 1, 2021.

Corporate Objective

The objective of the Company is to provide its shareholders with long-term capital growth by improving the operating efficiencies and market share of its current operations, with a focus on EBITDA enhancement, and through acquisitions with direct revenue, cost and/or financial synergies. The Company seeks to achieve this by becoming a market leading cannabis in the lucrative California market.

As the market develops the Company will seek to expand into the value chain through supportive strategies such as licensing of cannabis products, expanding its retail portfolio and/or leveraging its existing infrastructure to develop new sources of revenue growth. The timeframe for these supporting strategies has not been determined.

Corporate Update

Adam Wilks, formally the COO of Three Habitat, assumed the role of CEO of Captor Retail Group and manages the day-to-day operations of all operational CRG dispensaries, as well as oversee the transfer of the dispensary licences to CRG. Mr. Wilks oversaw the completed construction of four additional One Plant dispensaries in Antioch, Goleta, Lompoc and Palm Springs. Mr. Wilks brings more than a dozen years of experience, in the quick service restaurant (QSR) industry having worked with brands including Yogen Früz®, Pinkberry®, Cold Stone Creamery® and Buy N Bulk®.

Mr. Wilks has brought together the Chai and One Plant experienced teams with strong backgrounds in retail operations as well as highly educated, well-trained budtenders to lead the frontline customer engagement. Retail managers and front-line leadership from Captor are blending a select breed of operators that hail from cannabis retail and food and beverage ("F&B") service backgrounds, combining strong operations efficacy, extensive cannabis sector expertise, and corporate management experience.

Captor added attorney Alex Spiro and Bluma Wellness Inc., founder/former-CEO, Brady Cobb to the Board of Directors of the company on May 18, 2021. In connection with Mr. Cobb's and Mr. Spiro's appointments the Company also announced Mr. Henry Kloepper stepped down from the Board of Directors.

Captor closed on a non-brokered private placement of 12,800,861 units that will result in gross proceeds of $12,160,818 which is an increase of 210,526 shares for additional proceeds of $200,000 from the placement totals announced on April 28, 2021. The Company intends to use the proceeds of the Non-Brokered Offering for working capital and acquisitions, if suitable targets are identified.

Captor has committed to increasing profit and is doing so through growth and expansion. Captor entered 2020 with two retail dispensaries and Captor has added seven retail dispensary locations that now support an increase in annual revenue from retail dispensary operations. Increasing the retail footprint from two to nine locations and increasing retail revenue has not come without an investment from the Company in such growth. Aggressive expansion and a continued commitment to revenue growth have resulted in a variety of one-time charges for the Company to include but are not limited to, cost of acquiring leases, salaries of those involved in expansion, organizational costs of such M&A activity and general G&A. Captor remains confident with the growth strategy as this will increase purchasing power, streamline supply chains, and centralize business activities in the long-term. The growth-related expenses will support the development of operational efficiencies and economies of scale.

In addition to the instore retail operations expansion, the e-commerce experience is being revamped as growth in this business unit has not been inline with what was initially expected. The opportunity to have an increased online presence has increased since Covid-19, yet the resources available to the traditional retail markets is not readily available to the cannabis sector. Limited traditional online marketing coupled with financial regulatory restrictions create hurdles that are continuously navigated. The Company has incurred various one-time charges relating to growth and expansion initiatives.

The Company launched its own cannabis product line, Wollem, through their Mellow Extracts business unit as a test point on a trial basis in our retail dispensaries. The Company will discontinue Wollem and Captor will pursue product licensing agreements in lieu of producing an in-house brand to reduce the direct costs incurred.

The Company has grown from two (2) operational dispensaries to eight (8) operational dispensaries with one scheduled to open August 2021. The employee count has increased from twenty-seven (27) to one hundred eighteen (118) full and part-time employees.

COVID-19 Response

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.

In March 2020, following the successful lobbying of local government by a cannabis industry group in Santa Cruz County led by Oliver Summers, head of Captor Capital's CHAI retail operations in Santa Cruz and Monterey County, 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 at all 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. CHAI released an updated e-commerce site featuring several enhancements and improvements, most notably on the user interface and experience. The Company is currently evaluating a number of advertising and marketing options to increase customer awareness surrounding the new and improved website.

As of the issuance of this report, 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.

Retail Opportunities

During the financial year ended March 31, 2020, Captor Capital formally divested itself of most of its investment in MedMen. The Company had previously sold its two MedMen branded dispensaries in Los Angeles owned by Captor subsidiary I5-Holdings for $38 million equivalent in MedMen shares. Subsequently, the Company dispensed the majority of its shares in MedMen, realizing a loss of $23 million. With that chapter now closed, Captor has been able to focus on its strong base position in the Northern California cannabis market as a direct result of having sourced prime retail locations at Chai Santa Cruz and Chai Castroville.

In August 2020, Captor continued to grow its retail presence to include the Bay Area, Santa Cruz, Monterey and Santa Barbara markets with a joint venture with Three Habitat. The current combined retail footprint consists of eight (8) operating dispensaries and one (1) dispensary license in various stages of development and construction. Captor's retail footprint allows for both in store as well as delivery transactions. The Company has maximized opportunities to expand its e-commerce platform to capitalize on a fluid technology retail marketplace. Online ordering, delivery and express pickup have allowed Captor to service their customers in a manner that other mature retail and F&B sectors have obtained.

The acquisition is in line with Captor's strategy of building a leading cannabis retail, e-commerce, and delivery hub in the lucrative, but less competitive and costly Northern California market. The resulting retail footprint of nine stores will make Captor one of the largest retailers in Northern California, expanding the team of experienced operators, benefitting from increased buying power and economies of scale while leveraging expertise and established infrastructure to support the retail network. Captor continues to source opportunities for acquisition and remains focused on the efficient buildout of its current licenses.

Ancillary Revenue Opportunities

The Company will also be investing in additional resources and support to expand and improve its current direct to consumer delivery service, which has tremendous growth potential. The direct-to-consumer model allows the Company to leverage its bricks and mortar store to deliver products to a much larger customer base with minimal incremental costs. Having the current geographic cluster of stores allows management to achieve maximum impact under the current delivery manifest rule limitations.

Captor launched Wollem Brand in our retail stores. Captor will pursue licensing agreements in lieu of our own brand to allow the Company to avoid incurring direct costs associated with having our own brand.

Manufacturing Opportunities

Captor announced the acquisition of Mellow Extracts LLC ("Mellow") on September 12, 2018. Mellow received its conditional use permit (CUP) from the city of Costa Mesa. Captor will retain 100 per cent ownership of Mellow and its ownership will not be transferred to CRG as part of the joint venture. In line with the new retail and operations strategy, the Company relocated the Mellow assets into a 10,000 sq. ft. location attached to the Antioch One Plant dispensary. However, in the course of this year the manufacturing sector of the cannabis market has changed, requiring increased investment in technology and process equipment; Captor does not feel the capital expenditure is justified and will pursue holding agreements and cost-plus transactions.

Litigation Update

The Company has been named in a lawsuit commenced by Matt Longo in connection with his prior contractual dealings with the Company. A civil Complaint was filed by the claimant in the Los Angeles, California Superior Court on July 2, 2020 in respect of this lawsuit. The Company is vigorously defending itself against it. The Company has recorded an accrual of US$500,000 as at September 30, 2021 for this claim.

Overall Outlook

Considering the changing retail landscape due to COVID-19, Captor maintains a cautionary approach to its growth strategy and a keen focus on maximizing revenues from its current investments. Captor's retail footprint will support top line revenue expansion while strict standard operating procedures, centralized business activities, and a comprehensive enterprise mentality will correlate to income statement improvements and stabilize the assets earlier in their life cycle.

Developing retail locations in mature, high-density markets, Captor will continue to benefit from brand awareness and social engagement. Economies of scale will drive down costs and create value as product purchasing power increases. Captor is well positioned for profitability and will continue to draw top talent from the cannabis sector while engaging a growing client base because of its organized retail strategies that remain in line with the ethos of the California cannabis culture.

Captor Strategy

The objective of the Company is to provide its shareholders with long-term capital growth by improving the operating efficiencies and market share of its current operations, with a focus on EBITDA enhancement, and through acquisitions with direct revenue, cost and/or financial synergies.

Captor benefits from efficiencies created through growth and low capital investment optimizing existing revenue streams. Driving top line revenue are highly educated budtenders and the ability to consistently exceed our customers' expectations. Talent, infrastructure, purchasing power, marketing and industry relationships all contribute to maintaining a strong balance sheet allowing Captor to continue to evaluate opportunities and target assets for acquisition that create synergies with Captor's existing operations.

Summary of Quarterly Results

Three Months Ended	Revenue ($)	Income or (Loss) Total ($)	Income or (Loss) Basic and diluted income (loss) per share [9] ($)	Total assets ($)
September 30, 2021	8,465,787	(2,278,878) [1]	(0.04)	68,706,010
June 30, 2021	6,769,946	(1,804,064) [2]	(0.03)	69,170,836
March 31, 2021	4,337,656	(4,104,393) [3]	(0.11)	60,310,334
December 31, 2020	4,203,687	(1,169,566) [4]	(0.05)	55,323,596
September 30, 2020	3,908,216	(4,371,828) [5]	(0.11)	57,448,268
June 30, 2020	3,767,851	2,653,611 [6]	0.07	46,297,557
March 31, 2020	3,582,787	(2,327,085) [7]	(0.06)	45,165,429
December 31, 2019	2,111,949	(10,915,073) [8]	(0.28)	47,951,135

(1) Net loss of $2,278,878 consisted primarily of general and administrative expenses of $5,386,872 offset by gross profit of $3,124,031.

(2) Net loss of $1,804,064 consisted primarily of general and administrative expenses of $3,216,202 and unrealized loss on investment at fair value of $514,237 and was offset by gross profit of $2,055,798 and realized gain on investment at fair value of $347,742.

(3) Net loss of $4,104,393 consisted primarily of general and administrative expenses of $5,113,626 and income tax expense of $1,287,301 and was offset by gross profit of $1,373,591 and realized and unrealized gain on investment at fair value of $459,266 and $359,233, respectively.

(4) Net loss of $1,169,566 consisted primarily of general and administrative expenses of $3,031,272 and write-off of property and equipment of $399,219 and was offset by gross profit of $1,267,911 and realized gain on investment at fair value of $881,030.

(5) Net loss of $4,371,828 consisted primarily of unrealized loss on investments at fair value $3,032,405 and general and administrative expenses of $1,994,529 and was offset by gross profit of $1,404,136.

(6) Net income of $2,653,611 consisted primarily of unrealized gain on investments at fair value $3,442,725 and gross profit of $1,251,336 offset by general and administrative expenses of $1,776,059.

(7) Net loss of $2,327,085 consisted primarily of general and administrative expenses of $2,722,480, transaction costs of $1,013,356, realized loss on investments at fair value of $16,704,443 and income tax of $489,564 offset by gross profit of $1,020,343 and unrealized gain on investments at fair value $17,237,608.

(8) Net loss of $10,915,073 consisted primarily of realized loss on investments at fair value $6,733,616, unrealized loss on investments at fair value $836,517 and general and administrative expenses of $3,476,941 offset by gross profit of $312,615.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Results of Operations

For the three months ended September 30, 2021 compared with the three months ended September 30, 2020:

For the three months ended September 30, 2021, the Company's net loss was $2,278,878 ($0.04 per share), compared to net loss of $4,371,828 ($0.11 per share) for the three months ended September 30, 2020. The decrease in net loss of $2,092,950 is a result of the following:

- Unrealized gain on investment at fair value increased to $97,417 for the three months ended September 30, 2021 from a loss of $3,032,405 for the three months ended September 30, 2020 due to changes in the fair value of the Company's investments.
- During the three months ended September 30, 2020, the Company recorded a realized loss on investment at fair value of $492,466 compared to $nil for the three months ended September 30, 2021.
- During the three months ended September 30, 2021, the Company recorded a gross profit of $3,124,031 from the sale of cannabis at its retail dispensaries compared to $1,404,136 in the 2020 comparative period. The increase in gross profit in the 2021 period resulted from the operation of nine retail dispensaries in 2021 compared to two retail dispensaries in 2020.

A breakdown of general and administrative expenses for the three months ended September 30, 2021 and 2020 is provided below.

Three Months Ended September 30,	2021 ($)	2020 ($)	Variance ($)
Management and administrative services (i)	669,977	99,840	570,137
Professional fees (ii)	894,878	502,024	392,854
Operational expenses (iii)	2,344,530	1,247,311	1,097,219
Travel expenses	15,646	2,544	13,102
Regulatory fees	25,445	6,992	18,453
Share based compensation (iv)	608,453	nil	608,453
Interest and penalty	2,154	3,075	(921)
Depreciation	116,000	13,622	102,378
Accretion (v)	319,198	28,693	290,505
Amortization – right of use assets (v)	390,591	90,428	300,163
	5,386,872	**1,994,529**	**3,392,343**

(i) There was an increase in management and administrative services of $570,137 in 2021 compared to the 2020 comparable period. This increase resulted from the grant of executive bonuses during the current period.
(ii) There was an increase in professional fees of $270,593 in 2021 compared to the 2020 comparable period. Professional fees include legal fees, audit and accounting fees and various consulting fees. The increase resulted from the increase need for professional services.
(iii) There was an increase in operational expenses of $1,097,219 in 2021 compared to the 2020 comparable period. Operational expenses include insurance, indirect costs of the retail cannabis operations and various administrative costs of the Company. The increase in the 2021 period resulted from the addition of the seven new dispensaries.
(iv) Share based compensation increased by $608,453 for the 2021 period over the 2020 period. During the three months ended September 30, 2021, the company granted 723,626 stock options compared to nil for the comparable 2020 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
(v) The increases in accretion and amortization – right of use assets are directly related the seven additional leases acquired from the acquisition of the One Plant dispensaries.

<u>For the six months ended September 30, 2021 compared with the six months ended September 30, 2020:</u>

For the six months ended September 30, 2021, the Company's net loss was $4,082,942 ($0.08 per share), compared to net loss of $1,718,217 ($0.04 per share) for the six months ended September 30, 2020. The increase in net loss of $2,364,725 is a result of the following:

- Unrealized loss on investment at fair value increased to $416,820 for the six months ended September 30, 2021 from a gain of $410,820 for the six months ended September 30, 2020 due to changes in the fair value of the Company's investments.
- During the six months ended September 30, 2021, the Company recorded a realized gain on investment at fair value of $347,742 compared to a loss of $492,466 for the six months ended September 30, 2020.
- During the six months ended September 30, 2021, the Company recorded a gross profit of $5,179,829 from the sale of cannabis at its retail dispensaries compared to $2,655,472 in the 2020 comparative period. The increase in gross profit in the 2021 period resulted from the operation of nine retail dispensaries in 2021 compared to two retail dispensaries in 2020.

A breakdown of general and administrative expenses for the six months ended September 30, 2021 and 2020 is provided below.

Six Months Ended September 30,	**2021 ($)**	**2020 ($)**	**Variance ($)**
Management and administrative services (i)	1,142,127	311,382	830,745
Professional fees (ii)	1,706,508	1,043,061	663,447
Operational expenses (iii)	3,413,764	2,116,767	1,296,997
Travel expenses	25,924	9,137	16,787
Regulatory fees	70,323	13,449	56,874
Share based compensation (iv)	608,453	nil	608,453
Interest and penalty	6,052	3,481	2,571
Depreciation	220,004	27,788	192,216
Accretion (v)	638,535	61,055	577,480
Amortization – right of use assets (v)	771,384	184,468	586,916
	8,603,074	**3,770,588**	**4,832,486**

(i) There was an increase in management and administrative services of $830,745 in 2021 compared to the 2020 comparable period. This increase resulted from the grant of executive bonuses during the current period.

(ii) There was an increase in professional fees of $663,447 in 2021 compared to the 2020 comparable period. Professional fees include legal fees, audit and accounting fees and various consulting fees. The increase resulted from the increase need for professional services.

(iii) There was an increase in operational expenses of $1,296,997 in 2021 compared to the 2020 comparable period. Operational expenses include insurance, indirect costs of the retail cannabis operations and various administrative costs of the Company. The increase in the 2021 period resulted from the addition of the seven new dispensaries.

(iv) Share based compensation increased by $608,453 for the 2021 period over the 2020 period. During the six months ended September 30, 2021, the company granted 723,626 stock options compared to nil for the comparable 2020 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

(v) The increases in accretion and amortization – right of use assets are directly related the seven additional leases acquired from the acquisition of the One Plant dispensaries.

Liquidity and Financial Position

As at September 30, 2021, the Company had a consolidated cash balance of $23,928,903 compared to $17,363,137 at March 31, 2021. The Company had a working capital of $21,383,721 as at September 30, 2021, compared to a working capital of $13,320,322 at March 31, 2021.

The activities of the Company, which consist of the sale of cannabis products and acquisition of investments in a diversified portfolio of public companies and commodities, are financed through cash, as well as the completion of equity offerings and the exercise of stock options and warrants.

Current liabilities increased from $10,774,427 at March 30, 2021 to $11,303,343 as at September 30, 2021. Current liabilities related primarily to the retail dispensary operations.

As of September 30, 2021, and to the date of this MD&A, the cash resources of the Company are held with select financial institutions in Canada and the United States. At September 30, 2021, the Company's current liabilities consisted primarily of trade payables, loans payable, lease liabilities and income taxes payable. Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.

The Company's use of cash at present occurs, and in the future is expected to occur, principally in two areas: the funding of its general and administrative expenditures as it develops the needed infrastructure, and its cannabis related acquisitions. In connection with the Company's operating and investment activities, the Company will seek to raise capital primarily through the issuance of equity securities. The Company has sufficient capital to meet its ongoing operating and investment activities.

Related Party Transactions

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:

Fees	Three Months Ended September 30, 2021 $	Three Months Ended September 30, 2020 $	Six Months Ended September 30, 2021 $	Six Months Ended September 30, 2020 $
Kyle Appleby (1)	15,000	15,000	30,000	30,000
Bryan Reyhani (1)	25,000	15,000	40,000	30,000
Mark Klein (1)	22,500	15,000	37,500	30,000
Alex Spiro (1)	15,000	nil	20,000	nil
Brady Cobb (1)	15,000	nil	20,000	nil
Alegana Enterprises Ltd. ("Alegana") (2)	555,000	55,000	610,000	110,000
2249872 Ontario Ltd. (1)(3)	nil	15,000	40,000	30,000
Marrelli Support Services Inc. ("MSSI") (4)	63,540	4,500	68,175	9,000
Roeedo Enterprise LLC (5)	nil	39,931	nil	81,382
Totals	**711,040**	**159,431**	**865,675**	**320,382**

(1) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at September 30, 2021, is $60,000 (March 31, 2021 - $60,000) due to directors of the Company.

(2) Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") of the Company. Alegana provides consulting services to the Company for $220,000 a year under the terms of a written contract that runs for an indefinite term. 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. Alegana may receive, at the sole discretion of the board of directors, a performance bonus of up to 400% of the annual consulting fee payable by the Company to Alegana. Included in accounts payable and accrued liabilities as at September 30, 2021 owing to Alegana was $500,000 (March 31, 2021 - $310,810).

Upon termination of Alegana by the Company without cause or a termination following a change of control, the Company is obligated to pay Alegana: (a) 1.5 times Alegana's annual consulting fee; and (b) an amount equal to 1.5 times the amount of all bonuses John Zorbas received for the most recent calendar year ended prior to the termination date or 2 times the amount of Alegana's annual consulting fee should John Zorbas not have received a bonus for the most recent calendar year ended prior to the termination date. Upon termination of Alegana under any other circumstances, the Company is not obligated to pay Alegana any penalty.

(3) 2249872 Ontario Ltd. is a company controlled by Henry Kloepper, a director and the former CEO of Captor. Mr. Kloepper. The Company has no ongoing contractual obligation or commitment to 2249872 Ontario Ltd.

(4) 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 September 30, 2021 is $7,596 (March 31, 2021 – $16,087) owing to MSSI. The Company has no ongoing contractual obligation or commitment to MSSI.

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

(6) The Company is owed $25,576 (March 31, 2021 - $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.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources, that are material to investors.

Proposed Transactions

There are no material proposed transactions as of the date of this MD&A, except for those disclosed in "Highlights" above.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning on or after January 1, 2021 or later periods.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") Amendments

The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022. The extent of the impact of adoption of this amendment has not yet been determined.

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Captor as at November 29, 2021 are as follows:

Securities	**As at November 29, 2021**
Common shares outstanding	51,835,100
Stock options	2,298,626
Warrants	6,400,431
Total securities	**60,534,157**

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's MD&A for the fiscal year ended March 31, 2021, available on SEDAR at **www.sedar.com**.

Disclosure Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date at and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.