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**CAPTOR CAPITAL CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

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**Notice To Reader**

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

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

	As at June 30, 2022	As at March 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 20,260,949	\$ 20,318,036
Amounts receivable and prepaid expenses (Note 4)	3,644,267	3,187,818
Inventory	2,189,308	2,038,449
Investments at fair value (Note 8)	2,081,834	2,199,576
	<b>28,176,358</b>	<b>27,743,879</b>
<b>Non-current</b>		
Amounts receivable and prepaid expenses (Note 4)	930,326	895,143
Right-of-use assets (Note 5)	6,910,624	7,178,662
Property and equipment (Note 6)	3,194,791	3,200,850
Goodwill (Note 7)	7,868,864	7,574,881
Intangibles (Note 7)	9,929,917	9,823,108
	<b>\$ 57,010,880</b>	<b>\$ 56,416,523</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 17)	\$ 8,099,432	\$ 6,799,132
Loans and notes payable (Note 9(i))	160,960	156,088
Promissory note payable (Note 9(ii))	49,533	221,548
Lease liabilities (Note 10)	1,151,705	1,066,886
Income tax payable	2,472,354	2,397,303
	<b>11,933,984</b>	<b>10,640,957</b>
<b>Non-current</b>		
Loans and notes payable (Note 9(i))	107,307	143,081
Promissory note payable (Note 9(ii))	26,191	25,398
Lease liabilities (Note 10)	6,983,702	7,071,181
Deferred tax liability	2,224,698	2,157,368
	<b>21,275,882</b>	<b>20,037,985</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)	116,143,585	116,143,585
Contributed surplus	32,512,168	32,512,168
Accumulated other comprehensive loss	(2,727,030)	(3,319,724)
Deficit	(118,594,420)	(117,471,915)
	<b>27,334,303</b>	<b>27,864,114</b>
Non-controlling interest (Note 3)	8,400,695	8,514,424
	<b>35,734,998</b>	<b>36,378,538</b>
	<b>\$ 57,010,880</b>	<b>\$ 56,416,523</b>

**NATURE OF OPERATIONS** (Note 1)  
**SUBSEQUENT EVENT** (Note 19)

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**

	<b>Three Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Sales, net of excise tax	\$ 11,072,809	\$ 6,769,946
Cost of sales	7,228,034	4,714,148
<b>Gross profit</b>	<b>3,844,775</b>	<b>2,055,798</b>
<b>Expenses</b>		
General and administrative expenses (Note 15)	4,800,136	3,216,202
Foreign exchange loss	(21,112)	20,032
Interest income	(15,528)	(5,105)
Amortization of intangible assets (Note 7)	199,770	434,143
Total expenses	(4,963,266)	(3,665,272)
<b>Net loss for the period before other items:</b>	<b>(1,118,491)</b>	<b>(1,609,474)</b>
Realized gain on investments at fair value	-	347,742
Unrealized loss on investments at fair value	(117,743)	(514,237)
Loss on write-off of property and equipment (Note 6)	-	(28,095)
<b>Net loss before income taxes</b>	<b>(1,236,234)</b>	<b>(1,804,064)</b>
<b>Net loss for the period</b>	<b>(1,236,234)</b>	<b>(1,804,064)</b>
<b>Other comprehensive (loss) income Items that may be reclassified subsequently:</b>		
Foreign currency translation adjustment	592,694	(1,412,138)
	592,694	(1,412,138)
<b>Comprehensive loss for the period</b>	<b>\$ (643,540)</b>	<b>\$ (3,216,202)</b>
<b>Net loss attributable to:</b>		
Shareholders of the Company	\$ (1,122,505)	\$ (1,513,598)
Non-controlling interest	(113,729)	(290,466)
	\$ (1,236,234)	\$ (1,804,064)
Loss per share - basic and diluted (Note 14)	\$ (0.02)	\$ (0.03)

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

# CAPTOR CAPITAL CORP.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30,	
	2022	2021
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (1,236,234)	\$ (1,804,064)
Unrealized loss (gain) on investments at fair value	117,743	514,237
Realized gain on investments at fair value	-	(347,742)
Foreign exchange (gain) loss	537,610	(236,582)
Loss on write-off of property and equipment	-	28,095
Depreciation and amortization	833,185	918,941
Accretion	293,875	319,337
<b>Changes in non-cash working capital items:</b>		
Amounts receivable and prepaid expenses	(1,130,274)	(1,258,432)
Income tax payable	184,077	-
Accounts payable and accrued liabilities	1,300,300	(306,699)
Inventory	(150,859)	(199,439)
	<b>749,423</b>	<b>(2,372,348)</b>
<b>Financing activities</b>		
Issue of common shares and units, net of issue costs	-	12,248,131
Lease payments	(548,173)	(565,095)
	<b>(548,173)</b>	<b>11,683,036</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(42,189)	(526,393)
Repayments of loans and notes payable	(217,162)	(177,921)
Purchase of investments at fair value	-	(225,843)
Proceeds from sale of investments at fair value	-	436,116
	<b>(259,351)</b>	<b>(494,041)</b>
<b>Foreign exchange effect</b>	<b>1,014</b>	<b>(70,941)</b>
<b>Change in cash and cash equivalents</b>	<b>(58,101)</b>	<b>8,816,647</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,318,036</b>	<b>17,363,137</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 20,260,949</b>	<b>\$ 26,108,843</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest received	\$ 15,528	\$ 5,105

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**

	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Deficit</b>	<b>Non-controlling Interest</b>	<b>Total</b>
<b>Balance, March 31, 2021</b>	<b>\$ 103,604,649</b>	<b>\$ 29,528,620</b>	<b>\$ (3,254,325)</b>	<b>\$ (103,021,501)</b>	<b>\$ 12,465,055</b>	<b>\$ 39,322,498</b>
Common shares issued for private placement	12,160,818	-	-	-	-	12,160,818
Cost of issue	(32,687)	-	-	-	-	(32,687)
Common shares issued for exercise of options	214,800	(94,800)	-	-	-	120,000
Net comprehensive loss for the period	-	-	(1,412,138)	(1,513,598)	(290,466)	(3,216,202)
<b>Balance, June 30, 2021</b>	<b>\$ 115,947,580</b>	<b>\$ 29,433,820</b>	<b>\$ (4,666,463)</b>	<b>\$ (104,535,099)</b>	<b>\$ 12,174,589</b>	<b>\$ 48,354,427</b>
<b>Balance, March 31, 2022</b>	<b>\$ 116,143,585</b>	<b>\$ 32,512,168</b>	<b>\$ (3,319,724)</b>	<b>\$ (117,471,915)</b>	<b>\$ 8,514,424</b>	<b>\$ 36,378,538</b>
Net comprehensive loss for the period	-	-	592,694	(1,122,505)	(113,729)	(643,540)
<b>Balance, June 30, 2022</b>	<b>\$ 116,143,585</b>	<b>\$ 32,512,168</b>	<b>\$ (2,727,030)</b>	<b>\$ (118,594,420)</b>	<b>\$ 8,400,695</b>	<b>\$ 35,734,998</b>

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

# **CAPTOR CAPITAL CORP.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended June 30, 2022**

**(Expressed in Canadian Dollars, unless otherwise indicated)**

**(Unaudited)**

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### **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's principal business activity is the retail sale of cannabis products.

#### **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.

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 initiated included: (i) increasing curbside pick-up and/or drive-thru options at all of its retail locations; (ii) expanding operate mostly uninterrupted and to implement its business continuity plan. Some of the measures that Captor home delivery services to customers; 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 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.

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 29, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements for the year ended March 31, 2022, 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, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

### (a) 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, 2022 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.

## 3. NON- CONTROLLING INTEREST

The continuity of CRG's non-controlling interest at June 30, 2022 is as follows:

Company's ownership interest 51%

Balance, March 31, 2021	\$ 12,465,055
Share of loss for the year ended March 31, 2022	(3,950,631)
<b>Balance, March 31, 2022</b>	<b>8,514,424</b>
Share of loss for the period ended June 30, 2022	(113,729)
<b>Balance, June 30, 2022</b>	<b>\$ 8,400,695</b>

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended June 30, 2022  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

## 4. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at June 30, 2022	As at March 31, 2022
Sales tax receivable - Canada	\$ 274,220	\$ 252,011
Amounts receivable	2,505,590	2,289,936
Other receivables <sup>(1)</sup>	955,902	920,719
Prepaid expenses and deposits	838,881	620,295
	4,574,593	4,082,961
Long-term other receivable	(930,326)	(895,143)
	\$ 3,644,267	\$ 3,187,818

<sup>(1)</sup> During the three months ended June 30, 2022, the Company deemed that \$nil (year ended December 31, 2021 - \$673,018) of receivables were uncollectible and wrote down receivables by that amount.

## 5. RIGHT-OF-USE ASSETS

<b>Balance - March 31, 2021</b>	<b>\$ 8,874,328</b>
Additions	89,610
Amortization	(1,512,786)
Disposal	(221,989)
Impact of foreign exchange	(50,501)
<b>Balance - March 31, 2022</b>	<b>7,178,662</b>
Amortization	(487,579)
Impact of foreign exchange	219,541
<b>Balance - June 30, 2022</b>	<b>\$ 6,910,624</b>



# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 6. PROPERTY AND EQUIPMENT

<b>Cost</b>	<b>Computer</b>	<b>Cannabis equipment</b>	<b>Leasehold improvements</b>	<b>Vehicles</b>	<b>Total</b>
<b>At March 31, 2021</b>	<b>\$ 93,746</b>	<b>\$ 493,242</b>	<b>\$ 2,313,395</b>	<b>\$ 120,945</b>	<b>\$ 3,021,328</b>
Additions during the year	17,281	138,873	1,004,011	18,013	1,178,178
Disposal	-	(281,120)	(28,676)	-	(309,796)
Impact of foreign exchange	(644)	6,656	(46,231)	(817)	(41,036)
<b>At March 31, 2022</b>	<b>110,383</b>	<b>357,651</b>	<b>3,242,499</b>	<b>138,141</b>	<b>3,848,674</b>
Additions during the period	3,383	5,165	33,641	-	42,189
Impact of foreign exchange	3,476	11,210	101,509	4,311	120,506
<b>At June 30, 2022</b>	<b>\$ 117,242</b>	<b>\$ 374,026</b>	<b>\$ 3,377,649</b>	<b>\$ 142,452</b>	<b>\$ 4,011,369</b>
<b>Accumulated depreciation</b>					
<b>At March 31, 2021</b>	<b>\$ 29,398</b>	<b>\$ 9,074</b>	<b>\$ 18,077</b>	<b>\$ 64,942</b>	<b>\$ 121,491</b>
Depreciation expense	32,614	30,699	383,797	37,357	484,467
Impact of foreign exchange	(289)	(155)	42,837	(527)	41,866
<b>At March 31, 2022</b>	<b>61,723</b>	<b>39,618</b>	<b>444,711</b>	<b>101,772</b>	<b>647,824</b>
Depreciation expense	8,417	12,867	114,136	11,762	147,182
Impact of foreign exchange	2,004	1,355	14,928	3,285	21,572
<b>At June 30, 2022</b>	<b>\$ 72,144</b>	<b>\$ 53,840</b>	<b>\$ 573,775</b>	<b>\$ 116,819</b>	<b>\$ 816,578</b>
<b>Carrying value</b>					
<b>At March 31, 2022</b>	<b>\$ 48,660</b>	<b>\$ 318,033</b>	<b>\$ 2,797,788</b>	<b>\$ 36,369</b>	<b>\$ 3,200,850</b>
<b>At June 30, 2022</b>	<b>\$ 45,098</b>	<b>\$ 320,186</b>	<b>\$ 2,803,874</b>	<b>\$ 25,633</b>	<b>\$ 3,194,791</b>

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 7. GOODWILL AND INTANGIBLES

Cost	Licenses	Customer relationship	Tradename	Total Intangibles	Total Goodwill
<b>At March 31, 2021</b>	<b>\$ 8,221,330</b>	<b>\$ 976,377</b>	<b>\$ 2,922,624</b>	<b>\$ 12,120,331</b>	<b>\$ 12,672,838</b>
Impairment (i)	-	-	-	-	(5,018,993)
Impact of foreign exchange	(51,649)	(6,134)	(18,361)	(76,144)	(78,964)
<b>At March 31, 2022</b>	<b>8,169,681</b>	<b>970,243</b>	<b>2,904,263</b>	<b>12,044,187</b>	<b>7,574,881</b>
Impact of foreign exchange	254,976	30,281	90,642	375,899	293,983
<b>At June 30, 2022</b>	<b>\$ 8,424,657</b>	<b>\$ 1,000,524</b>	<b>\$ 2,994,905</b>	<b>\$ 12,420,086</b>	<b>\$ 7,868,864</b>
<b>Accumulated amortization</b>					
<b>At March 31, 2021</b>	<b>\$ -</b>	<b>\$ 499,776</b>	<b>\$ 622,814</b>	<b>\$ 1,122,590</b>	<b>\$ -</b>
Amortization	-	194,669	914,411	1,109,080	-
Impact of foreign exchange	-	(3,761)	(6,830)	(10,591)	-
<b>At March 31, 2022</b>	<b>-</b>	<b>690,684</b>	<b>1,530,395</b>	<b>2,221,079</b>	<b>-</b>
Amortization	-	49,568	148,373	197,941	-
Impact of foreign exchange	-	22,014	49,135	71,149	-
<b>At June 30, 2022</b>	<b>\$ -</b>	<b>\$ 762,266</b>	<b>\$ 1,727,903</b>	<b>\$ 2,490,169</b>	<b>\$ -</b>
<b>Carrying value</b>					
<b>At March 31, 2022</b>	<b>\$ 8,169,681</b>	<b>\$ 279,559</b>	<b>\$ 1,373,868</b>	<b>\$ 9,823,108</b>	<b>\$ 7,574,881</b>
<b>At June 30, 2022</b>	<b>\$ 8,424,657</b>	<b>\$ 238,258</b>	<b>\$ 1,267,002</b>	<b>\$ 9,929,917</b>	<b>\$ 7,868,864</b>

As of June 30, 2022, 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 March 31, 2022, management determined goodwill was impaired by \$5,018,993. At the CGU level, the goodwill impairment was attributable to the Castorville and Santa Cruz business operations of \$4,408,000 and \$610,993, respectively.

## CAPTOR CAPITAL CORP.

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(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
<b>At March 31, 2021</b>	\$ 322,581	\$ 850,801	\$ 2,227,720	\$ 3,401,102
Additions (disposal)	-	137,469	-	137,469
Revaluation to fair market value	(189,340)	(766,085)	(383,570)	(1,338,995)
<b>At March 31, 2022</b>	<b>133,241</b>	<b>222,185</b>	<b>1,844,150</b>	<b>2,199,576</b>
Revaluation to fair market value	(84,152)	(91,146)	57,556	(117,742)
<b>At June 30, 2022</b>	<b>\$ 49,089</b>	<b>\$ 131,039</b>	<b>\$ 1,901,706</b>	<b>\$ 2,081,834</b>

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.

#### 9. 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:

	Auto loans <sup>(1)</sup>	Loan payable <sup>(2)</sup>	Total
<b>Balance - March 31, 2021</b>	\$ 47,391	\$ -	\$ 47,391
Addition	13,143	313,176	326,319
Repayments	(55,028)	(13,049)	(68,077)
Impact of foreign exchange	(5,506)	(958)	(6,464)
<b>Balance - March 31, 2022</b>	-	<b>299,169</b>	<b>299,169</b>
Repayments	-	(39,871)	(39,871)
Impact of foreign exchange	-	8,969	8,969
<b>Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ 268,267</b>	<b>\$ 268,267</b>
Current portion	\$ -	\$ 160,960	\$ 160,960
Non-current portion	\$ -	\$ 107,307	\$ 107,307

(1) 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. As at June 30, 2022, the auto loans were repaid in full.

(2) The terms of the loan payable are as follows: principal: US\$249,821, no interest shall accrue on the principal, maturity: February 15, 2024 and annual repayment: US\$10,409 in monthly installments.

## CAPTOR CAPITAL CORP.

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

#### 9. 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. During the year ended March 31, 2021, the Company issued a promissory note payable to 9311 VDV L.P. in the amount of US\$342,483. The table below is a summary of the continuity of the promissory notes payable:

	<b>9311 VDV L.P.</b>
<b>Balance - March 31, 2021</b>	<b>\$ 430,672</b>
Repayments	(181,600)
Impact of foreign exchange	(2,126)
<b>Balance - March 31, 2022</b>	<b>246,946</b>
Repayments	(177,291)
Impact of foreign exchange	6,069
<b>Balance - June 30, 2022</b>	<b>\$ 75,724</b>
Current portion	\$ 49,533
Non-current portion	\$ 26,191

The terms of the note payable to 9311 VDV L.P. are as follows: principal: US\$342,483, no interest shall accrue on the principal, maturity: December 31, 2023 and repayment of the principal as prescribed by the lender.

#### 10. LEASE LIABILITIES

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 16%, which is the Company's incremental borrowing rate.

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

<b>Balance - March 31, 2021</b>	<b>\$ 9,375,671</b>
Additions	89,610
Disposal	(253,054)
Accretion expense	1,252,934
Lease payments	(2,271,967)
Impact of foreign exchange	(55,127)
<b>Balance - March 31, 2022</b>	<b>8,138,067</b>
Accretion expense	293,875
Lease payments	(548,173)
Impact of foreign exchange	251,638
<b>Balance - June 30, 2022</b>	<b>\$ 8,135,407</b>
Current portion	\$ 1,151,705
Non-current portion	\$ 6,983,702

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### 10. LEASE LIABILITIES (Continued)

#### Maturity analysis - contractual undiscounted cash flows

##### As at June 30, 2022

Due less than one year	\$	2,241,345
Due between one and two years		1,987,668
Due between two and three years		1,762,154
Due thereafter		6,544,353
<b>Total undiscounted lease obligations</b>	<b>\$</b>	<b>12,535,520</b>

During the three months ended June 30, 2022, the Company expensed \$12,000 (year ended March 31, 2022 - \$48,000) related to short-term leases.

### 11. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Issued and outstanding

	Number of shares	Amount
<b>Balance, March 31, 2021</b>	<b>38,529,739</b>	<b>\$ 103,604,649</b>
Common shares issued for private placement (i)	12,800,861	12,160,818
Cost of issue - cash	-	(32,687)
Common shares issued for exercise of options	400,000	120,000
Fair value of options exercised	-	94,800
<b>Balance, June 30, 2021</b>	<b>51,730,600</b>	<b>\$ 115,947,580</b>
<b>Balance, March 31, 2022 and June 30, 2022</b>	<b>52,095,600</b>	<b>\$ 116,143,585</b>

(i) 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.

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### 12. WARRANTS

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

	Number of warrants	Weighted average exercise price
<b>Balance, March 31, 2021</b>	-	\$ -
Issued (Note 11(b)(i))	6,400,431	1.20
<b>Balance, June 30, 2021</b>	<b>6,400,431</b>	<b>\$ 1.20</b>
<b>Balance, March 31, 2022 and June 30, 2022</b>	<b>6,400,431</b>	<b>\$ 1.20</b>

The Company had the following warrants outstanding at June 30, 2022:

Expiry date	Number of warrants	Exercise price
April 30, 2023	6,400,431	\$ 1.20

### 13. STOCK OPTIONS

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

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

	Number of stock options	Weighted average exercise price
<b>Balance, March 31, 2021</b>	<b>1,975,000</b>	<b>\$ 0.30</b>
Options exercised	(400,000)	0.30
<b>Balance, June 30, 2021</b>	<b>1,575,000</b>	<b>\$ 0.30</b>
<b>Balance, March 31, 2022 and June 30, 2022</b>	<b>4,733,626</b>	<b>\$ 0.88</b>

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### 13. STOCK OPTIONS (Continued)

The Company had the following stock options outstanding at June 30, 2022:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
1,210,000	1,210,000	1.30	0.30	October 19, 2023
723,626	723,626	2.10	1.60	August 3, 2024
2,800,000	2,800,000	4.52	0.95	January 4, 2027
<b>4,733,626</b>	<b>4,733,626</b>	<b>3.33</b>	<b>0.88</b>	

### 14. LOSS PER SHARE

	Three Months Ended June 30,	
	2022	2021
Net loss for the period	\$ (1,122,505)	\$ (1,513,598)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted	52,095,600	47,155,564

(i) Diluted loss per share does not include the effect of warrants and stock options as they are anti-dilutive.

### 15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30,	
	2022	2021
Management and administrative services (Note 17)	\$ 156,024	\$ 472,150
Professional fees	451,366	811,630
Operational expenses	3,252,549	1,069,234
Travel expenses	4,770	10,278
Regulatory fees	5,765	44,878
Interest and penalty	1,025	3,898
Depreciation	147,183	104,004
Accretion - lease liability	293,875	319,337
Amortization - right-of-use assets	487,579	380,793
	<b>\$ 4,800,136</b>	<b>\$ 3,216,202</b>

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

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### 16. 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

<b>As at June 30, 2022</b>	<b>Corporate</b>	<b>Cannabis Operations</b>	<b>Total</b>
Current assets	\$ 22,600,018	\$ 5,576,340	\$ 28,176,358
Property and equipment	-	3,194,791	3,194,791
Other assets	-	25,639,731	25,639,731
<b>Total assets</b>	<b>\$ 22,600,018</b>	<b>\$ 34,410,862</b>	<b>\$ 57,010,880</b>

<b>As at March 31, 2022</b>	<b>Corporate</b>	<b>Cannabis Operations</b>	<b>Total</b>
Current assets	\$ 22,934,259	\$ 4,809,620	\$ 27,743,879
Property and equipment	-	3,200,850	3,200,850
Other assets	-	25,471,794	25,471,794
<b>Total assets</b>	<b>\$ 22,934,259</b>	<b>\$ 33,482,264</b>	<b>\$ 56,416,523</b>

<b>Three Months Ended June 30, 2022</b>	<b>Corporate</b>	<b>Cannabis Operations</b>	<b>Total</b>
Sales, net of excise tax	\$ -	\$ 11,072,809	\$ 11,072,809
Gross profit	-	3,844,775	3,844,775
Net loss	(266,075)	(970,159)	(1,236,234)

<b>Three Months Ended June 30, 2021</b>	<b>Corporate</b>	<b>Cannabis Operations</b>	<b>Total</b>
Sales, net of excise tax	\$ -	\$ 6,769,946	\$ 6,769,946
Gross profit	-	2,055,798	2,055,798
Net loss	(1,501,636)	(302,428)	(1,804,064)



# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 16. SEGMENTED INFORMATION (Continued)

#### Geographical segments

<b>As at June 30, 2022</b>	<b>Canada</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
Current assets	\$ 22,152,174	\$ 5,576,341	\$ 447,843	\$ 28,176,358
Property and equipment	-	3,194,791	-	3,194,791
Other assets	-	25,639,731	-	25,639,731
<b>Total assets</b>	<b>\$ 22,152,174</b>	<b>\$ 34,410,863</b>	<b>\$ 447,843</b>	<b>\$ 57,010,880</b>

  

<b>As at March 31, 2022</b>	<b>Canada</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
Current assets	\$ 22,486,415	\$ 4,809,620	\$ 447,844	\$ 27,743,879
Property and equipment	-	3,200,850	-	3,200,850
Other assets	-	25,471,794	-	25,471,794
<b>Total assets</b>	<b>\$ 22,486,415</b>	<b>\$ 33,482,264</b>	<b>\$ 447,844</b>	<b>\$ 56,416,523</b>

  

<b>Three Months Ended June 30, 2022</b>	<b>Canada</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
Sales, net of excise tax	\$ -	\$ 11,072,809	\$ -	\$ 11,072,809
Gross profit	-	3,844,775	-	3,844,775
Net loss	(326,669)	(909,565)	-	(1,236,234)

  

<b>Three Months Ended June 30, 2021</b>	<b>Canada</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
Sales, net of excise tax	\$ -	\$ 6,769,946	\$ -	\$ 6,769,946
Gross profit	-	2,055,798	-	2,055,798
Net loss	(1,212,271)	(621,765)	29,972	(1,804,064)

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

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### 17. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	Three Months Ended June 30,	
	2022	2021
Directors fees and bonus (i)	\$ 101,024	\$ 95,000
Alegana Enterprises Ltd. ("Alegana") (ii)	55,000	55,000
Marrelli Support Services Inc ("MSSI") (iii)	12,372	4,635
	<b>\$ 168,396</b>	<b>\$ 154,635</b>

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at June 30, 2022, is \$50,000 (March 31, 2022 - \$50,000) 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.

(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 June 30, 2022 is \$12,234 (March 31, 2022 - \$7,605) owing to MSSI.

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2022

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### 18. 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
<b>As at June 30, 2022</b>				
Investments at fair value	\$ 180,128	\$ -	\$ 1,901,706	\$ 2,081,834
<b>As at March 31, 2022</b>				
Investments at fair value	\$ 355,426	\$ -	\$ 1,844,150	\$ 2,199,576

(b) Fair values of financial assets and liabilities:

	June 30, 2022		March 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>Amortized cost</b>				
Amounts receivable (i)	\$ 3,461,492	\$ 3,461,492	\$ 3,210,655	\$ 3,210,655
	\$ 3,461,492	\$ 3,461,492	\$ 3,210,655	\$ 3,210,655
<b>FVTPL</b>				
Cash and cash equivalents	\$ 20,260,949	\$ 20,260,949	\$ 20,318,036	\$ 20,318,036
Investments at fair value	2,081,834	2,081,834	2,199,576	2,199,576
	\$ 22,342,783	\$ 22,342,783	\$ 22,517,612	\$ 22,517,612
<b>Other financial liabilities</b>				
Accounts payable and accrued liabilities (i)	\$ 8,099,432	\$ 8,099,432	\$ 6,799,132	\$ 6,799,132
Promissory note payable	75,724	75,724	246,946	246,946
Loans and notes payable	268,267	268,267	299,169	299,169
	\$ 8,443,423	\$ 8,443,423	\$ 7,345,247	\$ 7,345,247

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

# **CAPTOR CAPITAL CORP.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended June 30, 2022**

**(Expressed in Canadian Dollars, unless otherwise indicated)**

**(Unaudited)**

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### **19. SUBSEQUENT EVENT**

On July 18, 2022, the Company announced that it has entered into a binding letter of intent (the “LOI”) dated July 15, 2022, with UK-based Rimstock Holdings Limited (“Rimstock”) in respect of a proposed business combination pursuant to which the Company will acquire 64.11% of Rimstock in exchange for share capital in the Company and cash considerations, which will result in the reverse takeover of Captor Capital by Rimstock (the “Transaction”).

It is currently contemplated that the Transaction will be effected by way of a share exchange of common shares of the Company for common shares of Rimstock (the “Share Exchange”). The resulting issuer that will exist upon completion of the Transaction (the “Resulting Issuer”) will change its business from cannabis to the electric and luxury vehicle industry. Upon closing of the Transaction (the “Closing”), it is expected that shareholders holding 64.11% of Rimstock will hold 72% of the issued and outstanding shares of the Resulting Issuer (the “Resulting Issuer Shares”) and current shareholders of Captor Capital will hold 28% of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis).

The LOI contemplates that Captor and Rimstock will negotiate and enter into a definitive agreement in respect to the Transaction (the “Definitive Agreement”), pursuant to which it is anticipated that the Company will acquire 64.11% of Rimstock’s issued and outstanding share capital in exchange for the aggregate purchase price of USD \$31,745,208 (the “Purchase Price”), which shall be paid in the following amounts:

- USD \$22,245,208 in shares of the Company with a deemed value of CAD \$0.25 per share, due upon the Closing;
- USD \$7,000,000 in cash, which shall be reserved in the treasury of the Company for use by the Resulting Issuer as working capital; and
- USD \$2,500,000 in cash as a non-refundable deposit, which will be converted into shares of Rimstock at a fully-diluted valuation of USD \$49,520,000 upon the earlier of: (i) the Closing; or (ii) the expiration of the exclusivity period set out under the LOI, which is 180 days from the date of the LOI.

Any additional cash in the treasury of the Company as of the Closing in excess of USD \$7,000,000 (less transaction fees) will be credited to the benefit of the Issuer’s existing shareholders.