
CAPTOR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

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

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

	As at September 30, 2022	As at March 31, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 17,637,277	\$ 20,318,036
Amounts receivable and prepaid expenses (Note 4)	8,210,704	3,187,818
Inventory	2,004,764	2,038,449
Investments at fair value (Note 8)	2,193,595	2,199,576
	30,046,340	27,743,879
Non-current		
Amounts receivable and prepaid expenses (Note 4)	859,787	895,143
Right-of-use assets (Note 5)	6,973,116	7,178,662
Property and equipment (Note 6)	3,270,480	3,200,850
Goodwill (Note 7)	8,370,210	7,574,881
Intangibles (Note 7)	10,374,759	9,823,108
	\$ 59,894,692	\$ 56,416,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 17)	\$ 9,446,493	\$ 6,799,132
Loans and notes payable (Note 9(i))	171,215	156,088
Promissory note payable (Note 9(ii))	52,688	221,548
Lease liabilities (Note 10)	1,281,908	1,066,886
Income tax payable	2,629,874	2,397,303
	13,582,178	10,640,957
Non-current		
Loans and notes payable (Note 9(i))	71,339	143,081
Promissory note payable (Note 9(ii))	27,859	25,398
Lease liabilities (Note 10)	7,088,083	7,071,181
Deferred tax liability	2,366,440	2,157,368
	23,135,899	20,037,985
Shareholders' Equity		
Share capital (Note 11)	116,143,585	116,143,585
Contributed surplus	32,512,168	32,512,168
Accumulated other comprehensive loss	(3,924,594)	(3,319,724)
Deficit	(116,473,547)	(117,471,915)
	28,257,612	27,864,114
Non-controlling interest (Note 3)	8,501,181	8,514,424
	36,758,793	36,378,538
	\$ 59,894,692	\$ 56,416,523

NATURE OF OPERATIONS (Note 1)

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

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Sales, net of excise tax	\$ 10,724,041	\$ 8,465,787	\$ 21,796,850	\$ 15,235,733
Cost of sales	6,434,611	5,341,756	13,662,645	10,055,904
Gross profit	4,289,430	3,124,031	8,134,205	5,179,829
Expenses				
General and administrative expenses (Note 15)	4,779,255	5,386,872	9,579,391	8,603,074
Foreign exchange (gain) loss	(2,759,770)	2,305	(2,780,882)	22,337
Interest income	(33,599)	(5,363)	(49,127)	(10,468)
Amortization of intangible assets (Note 7)	200,546	116,150	400,316	550,293
Total expenses	(2,186,432)	(5,499,964)	(7,149,698)	(9,165,236)
Net loss for the period before other items:	2,102,998	(2,375,933)	984,507	(3,985,407)
Realized gain (loss) on investments at fair value	(410,848)	-	(410,848)	347,742
Unrealized gain (loss) on investments at fair value	529,209	97,417	411,466	(416,820)
Loss on write-off of property and equipment (Note 6)	-	(362)	-	(28,457)
Net income (loss) for the period	2,221,359	(2,278,878)	985,125	(4,082,942)
Other comprehensive (loss) income				
Items that may be reclassified subsequently:				
Foreign currency translation adjustment	(1,197,564)	643,517	(604,870)	(768,621)
	(1,197,564)	643,517	(604,870)	(768,621)
Comprehensive income (loss) for the period	\$ 1,023,795	\$ (1,635,361)	\$ 380,255	\$ (4,851,563)
Net loss attributable to:				
Shareholders of the Company	\$ 2,120,873	\$ (2,365,997)	\$ 998,368	\$ (3,879,595)
Non-controlling interest	100,486	87,119	(13,243)	(203,347)
	\$ 2,221,359	\$ (2,278,878)	\$ 985,125	\$ (4,082,942)
Income (loss) per share - basic and diluted (Note 14)	\$ 0.04	\$ (0.04)	\$ 0.02	\$ (0.08)

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

	Six Months Ended September 30,	
	2022	2021
Cash (used in) provided by:		
Operating Activities		
Net income (loss) for the period	\$ 985,125	\$ (4,082,942)
Unrealized loss (gain) on investments at fair value	(411,466)	416,820
Realized loss (gain) on investments at fair value	410,848	(347,742)
Foreign exchange gain	(2,166,053)	(1,675,733)
Loss on write-off of property and equipment	-	28,457
Depreciation and amortization	1,535,597	1,541,681
Accretion	585,088	638,535
Stock based compensation expense	-	608,453
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(5,626,173)	(1,969,883)
Income tax payable	341,596	1,490,293
Accounts payable and accrued liabilities	2,647,361	164,988
Inventory	33,685	(706,562)
	(1,664,392)	(3,893,635)
Financing activities		
Issue of common shares and units, net of issue costs	-	12,248,131
Lease payments	(1,109,501)	(1,145,547)
	(1,109,501)	11,102,584
Investing Activities		
Purchase of property and equipment	(62,673)	(789,900)
Repayments of loans and notes payable	(259,913)	(225,311)
Proceeds from sale of investments at fair value	6,599	436,116
	(315,987)	(579,095)
Foreign exchange effect	409,121	(64,088)
Change in cash and cash equivalents	(3,089,880)	6,629,854
Cash and cash equivalents, beginning of period	20,318,036	17,363,137
Cash and cash equivalents, end of period	\$ 17,637,277	\$ 23,928,903
SUPPLEMENTAL INFORMATION:		
Interest received	\$ 49,127	\$ 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**

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Non-controlling Interest	Total
Balance, March 31, 2021	\$ 103,604,649	\$ 29,528,620	\$ (3,254,325)	\$ (103,021,501)	\$ 12,465,055	\$ 39,322,498
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
Share based compensation	-	608,453	-	-	-	608,453
Net comprehensive loss for the period	-	-	(768,621)	(3,879,595)	(203,347)	(4,851,563)
Balance, September 30, 2021	\$ 115,947,580	\$ 30,042,273	\$ (4,022,946)	\$ (106,901,096)	\$ 12,261,708	\$ 47,327,519
Balance, March 31, 2022	\$ 116,143,585	\$ 32,512,168	\$ (3,319,724)	\$ (117,471,915)	\$ 8,514,424	\$ 36,378,538
Net comprehensive income (loss) for the period	-	-	(604,870)	998,368	(13,243)	380,255
Balance, September 30, 2022	\$ 116,143,585	\$ 32,512,168	\$ (3,924,594)	\$ (116,473,547)	\$ 8,501,181	\$ 36,758,793

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

CAPTOR CAPITAL CORP.

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

1. NATURE OF OPERATIONS

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

The Company'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 and Six Months Ended September 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 November 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 September 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)

Balance, March 31, 2022	8,514,424
Share of loss for the period ended September 30, 2022	(13,243)

Balance, September 30, 2022	\$ 8,501,181
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CAPTOR CAPITAL CORP.

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

4. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at September 30, 2022	As at March 31, 2022
Sales tax receivable - Canada	\$ 296,964	\$ 252,011
Amounts receivable	2,897,974	2,289,936
Other receivables ⁽¹⁾	885,363	920,719
Prepaid expenses and deposits	946,625	620,295
Deposit on transaction (note 19)	4,043,565	-
	9,070,491	4,082,961
Long-term other receivable	(859,787)	(895,143)
	\$ 8,210,704	\$ 3,187,818

⁽¹⁾ During the six months ended September 30, 2022, the Company deemed that \$nil (year ended March 31, 2022 - \$673,018) of receivables were uncollectible and wrote down receivables by that amount.

5. RIGHT-OF-USE ASSETS

Balance - March 31, 2021	\$ 8,874,328
Additions	89,610
Amortization	(1,512,786)
Disposal	(221,989)
Impact of foreign exchange	(50,501)
Balance - March 31, 2022	7,178,662
Amortization	(848,901)
Impact of foreign exchange	643,355
Balance - September 30, 2022	\$ 6,973,116

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended September 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

6. PROPERTY AND EQUIPMENT

Cost	Computer	Cannabis equipment	Leasehold improvements	Vehicles	Total
At March 31, 2021	\$ 93,746	\$ 493,242	\$ 2,313,395	\$ 120,945	\$ 3,021,328
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)
At March 31, 2022	110,383	357,651	3,242,499	138,141	3,848,674
Additions during the period	3,421	5,222	54,030	-	62,673
Impact of foreign exchange	10,908	34,982	313,950	13,387	373,227
At September 30, 2022	\$ 124,712	\$ 397,855	\$ 3,610,479	\$ 151,528	\$ 4,284,574
Accumulated depreciation					
At March 31, 2021	\$ 29,398	\$ 9,074	\$ 18,077	\$ 64,942	\$ 121,491
Depreciation expense	32,614	30,699	383,797	37,357	484,467
Impact of foreign exchange	(289)	(155)	42,837	(527)	41,866
At March 31, 2022	61,723	39,618	444,711	101,772	647,824
Depreciation expense	25,647	27,644	209,301	23,788	286,380
Impact of foreign exchange	7,563	5,543	55,454	11,330	79,890
At September 30, 2022	\$ 94,933	\$ 72,805	\$ 709,466	\$ 136,890	\$ 1,014,094
Carrying value					
At March 31, 2022	\$ 48,660	\$ 318,033	\$ 2,797,788	\$ 36,369	\$ 3,200,850
At September 30, 2022	\$ 29,779	\$ 325,050	\$ 2,901,013	\$ 14,638	\$ 3,270,480

CAPTOR CAPITAL CORP.

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

7. GOODWILL AND INTANGIBLES

Cost	Licenses	Customer relationship	Tradename	Total Intangibles	Total Goodwill
At March 31, 2021	\$ 8,221,330	\$ 976,377	\$ 2,922,624	\$ 12,120,331	\$ 12,672,838
Impairment (i)	-	-	-	-	(5,018,993)
Impact of foreign exchange	(51,649)	(6,134)	(18,361)	(76,144)	(78,964)
At March 31, 2022	8,169,681	970,243	2,904,263	12,044,187	7,574,881
Impact of foreign exchange	816,412	94,027	281,455	1,191,894	795,329
At September 30, 2022	\$ 8,986,093	\$ 1,064,270	\$ 3,185,718	\$ 13,236,081	\$ 8,370,210
Accumulated amortization					
At March 31, 2021	\$ -	\$ 499,776	\$ 622,814	\$ 1,122,590	\$ -
Amortization	-	194,669	914,411	1,109,080	-
Impact of foreign exchange	-	(3,761)	(6,830)	(10,591)	-
At March 31, 2022	-	690,684	1,530,395	2,221,079	-
Amortization	-	100,246	300,070	400,316	-
Impact of foreign exchange	-	73,115	166,812	239,927	-
At September 30, 2022	\$ -	\$ 864,045	\$ 1,997,277	\$ 2,861,322	\$ -
Carrying value					
At March 31, 2022	\$ 8,169,681	\$ 279,559	\$ 1,373,868	\$ 9,823,108	\$ 7,574,881
At September 30, 2022	\$ 8,986,093	\$ 200,225	\$ 1,188,441	\$ 10,374,759	\$ 8,370,210

As of September 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 and Six Months Ended September 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
At March 31, 2021	\$ 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)
At March 31, 2022	133,241	222,185	1,844,150	2,199,576
Revaluation to fair market value	(98,178)	(86,521)	178,718	(5,981)
At September 30, 2022	\$ 35,063	\$ 135,664	\$ 2,022,868	\$ 2,193,595

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 ⁽¹⁾	Loan payable ⁽²⁾	Total
Balance - March 31, 2021	\$ 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)
Balance - March 31, 2022	-	299,169	299,169
Repayments	-	(80,636)	(80,636)
Impact of foreign exchange	-	24,021	24,021
Balance - September 30, 2022	\$ -	\$ 242,554	\$ 242,554
Current portion	\$ -	\$ 171,215	\$ 171,215
Non-current portion	\$ -	\$ 71,339	\$ 71,339

(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 September 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 and Six Months Ended September 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:

	9311 VDV L.P.	
Balance - March 31, 2021	\$	430,672
Repayments		(181,600)
Impact of foreign exchange		(2,126)
Balance - March 31, 2022		246,946
Repayments		(179,277)
Impact of foreign exchange		12,878
Balance - September 30, 2022	\$	80,547
Current portion	\$	52,688
Non-current portion	\$	27,859

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:

Balance - March 31, 2021	\$	9,375,671
Additions		89,610
Disposal		(253,054)
Accretion expense		1,252,934
Lease payments		(2,271,967)
Impact of foreign exchange		(55,127)
Balance - March 31, 2022		8,138,067
Accretion expense		585,088
Lease payments		(1,109,501)
Impact of foreign exchange		756,337
Balance - September 30, 2022	\$	8,369,991
Current portion	\$	1,281,908
Non-current portion	\$	7,088,083

CAPTOR CAPITAL CORP.

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

10. LEASE LIABILITIES (Continued)

Maturity analysis - contractual undiscounted cash flows

As at September 30, 2022

Due less than one year	\$	2,396,807
Due between one and two years		1,993,787
Due between two and three years		1,860,457
Due thereafter		6,493,722
Total undiscounted lease obligations	\$	12,744,773

During the six months ended September 30, 2022, the Company expensed \$24,000 (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
Balance, March 31, 2021	38,529,739	\$ 103,604,649
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
Balance, September 30, 2021	51,730,600	\$ 115,947,580
Balance, March 31, 2022 and September 30, 2022	52,095,600	\$ 116,143,585

(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.

CAPTOR CAPITAL CORP.

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

12. WARRANTS

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

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

The Company had the following warrants outstanding at September 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
Balance, March 31, 2021	1,975,000	\$ 0.30
Options granted (i)	723,626	1.60
Options exercised	(400,000)	0.30
Balance, September 30, 2021	2,298,626	\$ 0.71
Balance, March 31, 2022	4,733,626	\$ 0.88
Options expired	(75,000)	0.30
Balance, September 30, 2022	4,658,626	\$ 0.89

(i) On August 3, 2021, the Company granted 723,626 stock options to directors. Each option entitles the holder to purchase one (1) common share at a price of \$1.60 per common share for a period of three (3) years from date of grant. 523,626 of the options vested immediately and the remaining 200,000 vested on October 1, 2021.

A value of \$840,853 was estimated for the 723,626 stock options on the date of grant with the following assumptions and inputs: share price of \$1.60; exercise price of \$1.60; expected dividend yield of 0%; expected volatility of 126% which is based on historical data; risk-free interest rate of 0.53%; and an expected average life of three years.

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13. STOCK OPTIONS (Continued)

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

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
1,135,000	1,135,000	1.05	0.30	October 19, 2023
723,626	723,626	1.84	1.60	August 3, 2024
2,800,000	2,800,000	4.27	0.95	January 4, 2027
4,658,626	4,658,626	3.11	0.89	

14. LOSS PER SHARE

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Net loss for the period	\$ 2,221,359	\$ (2,278,878)	\$ 998,368	\$ (3,879,595)
Net loss per share - basic and diluted	\$ 0.04	\$ (0.04)	\$ 0.02	\$ (0.08)
Weighted average number of shares outstanding - basic and diluted	52,095,600	51,730,600	52,095,600	49,455,582

(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 September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Management and administrative services (Note 17)	\$ 145,000	\$ 669,977	\$ 301,024	\$ 1,142,127
Professional fees	545,966	894,878	997,332	1,706,508
Operational expenses	3,274,571	2,344,530	6,527,120	3,413,764
Travel expenses	2,623	15,646	7,393	25,924
Regulatory fees	18,772	25,445	24,537	70,323
Share based compensation (Note 13)	-	608,453	-	608,453
Interest and penalty	591	2,154	1,616	6,052
Depreciation	139,197	116,000	286,380	220,004
Accretion - lease liability	291,213	319,198	585,088	638,535
Amortization - right-of-use assets	361,322	390,591	848,901	771,384
	\$ 4,779,255	\$ 5,386,872	\$ 9,579,391	\$ 8,603,074

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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

As at September 30, 2022	Corporate	Cannabis Operations	Total
Current assets	\$ 22,662,009	\$ 7,384,331	\$ 30,046,340
Property and equipment	-	3,270,480	3,270,480
Other assets	-	26,577,872	26,577,872
Total assets	\$ 22,662,009	\$ 37,232,683	\$ 59,894,692

As at March 31, 2022	Corporate	Cannabis Operations	Total
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
Total assets	\$ 22,934,259	\$ 33,482,264	\$ 56,416,523

Three Months Ended September 30, 2022	Corporate	Cannabis Operations	Total
Sales, net of excise tax	\$ -	\$ 10,724,041	\$ 10,724,041
Gross profit	-	4,289,430	4,289,430
Net (loss) income	2,520,176	(298,817)	2,221,359

Three Months Ended September 30, 2021	Corporate	Cannabis Operations	Total
Sales, net of excise tax	\$ -	\$ 8,465,787	\$ 8,465,787
Gross profit	-	3,124,031	3,124,031
Net loss	(2,042,006)	(236,872)	(2,278,878)

Six Months Ended September 30, 2022	Corporate	Cannabis Operations	Total
Sales, net of excise tax	\$ -	\$ 21,796,850	\$ 21,796,850
Gross profit	-	8,134,205	8,134,205
Net loss	2,254,101	(1,268,976)	985,125

Six Months Ended September 30, 2021	Corporate	Cannabis Operations	Total
Sales, net of excise tax	\$ -	\$ 15,235,733	\$ 15,235,733
Gross profit	-	5,179,829	5,179,829
Net loss	(3,543,642)	(539,300)	(4,082,942)

CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended September 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

16. SEGMENTED INFORMATION (Continued)

Geographical segments

As at September 30, 2022	Canada	United States	Other	Total
Current assets	\$ 22,214,165	\$ 7,384,331	\$ 447,844	\$ 30,046,340
Property and equipment	-	3,270,480	-	3,270,480
Other assets	-	26,577,872	-	26,577,872
Total assets	\$ 22,214,165	\$ 37,232,683	\$ 447,844	\$ 59,894,692
As at March 31, 2022	Canada	United States	Other	Total
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
Total assets	\$ 22,486,415	\$ 33,482,264	\$ 447,844	\$ 56,416,523
Three Months Ended September 30, 2022	Canada	United States	Other	Total
Sales, net of excise tax	\$ -	\$ 10,724,041	\$ -	\$ 10,724,041
Gross profit	-	4,289,430	-	4,289,430
Net loss	-	2,221,359	-	2,221,359
Three Months Ended September 30, 2021	Canada	United States	Other	Total
Sales, net of excise tax	\$ -	\$ 8,465,787	\$ -	\$ 8,465,787
Gross profit	-	3,124,031	-	3,124,031
Net loss	(1,759,560)	(556,070)	36,752	(2,278,878)
Six Months Ended September 30, 2022	Canada	United States	Other	Total
Sales, net of excise tax	\$ -	\$ 21,796,850	\$ -	\$ 21,796,850
Gross profit	-	8,134,205	-	8,134,205
Net loss	(326,669)	1,311,794	-	985,125
Six Months Ended September 30, 2021	Canada	United States	Other	Total
Sales, net of excise tax	\$ -	\$ 15,235,733	\$ -	\$ 15,235,733
Gross profit	-	5,179,829	-	5,179,829
Net loss	(2,971,831)	(1,177,835)	66,724	(4,082,942)

CAPTOR CAPITAL CORP.

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

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 September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Directors fees and bonus (i)	\$ 90,000	\$ 92,500	\$ 191,024	\$ 187,500
Alegana Enterprises Ltd. ("Alegana") (ii)	55,000	555,000	110,000	610,000
Marrelli Support Services Inc ("MSSI") (iii)	58,051	63,540	70,423	68,175
	\$ 203,051	\$ 711,040	\$ 371,447	\$ 865,675

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at September 30, 2022, is \$nil (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 September 30, 2022 is \$65,698 (March 31, 2022 - \$7,605) owing to MSSI.

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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:

As at September 30, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Investments at fair value	\$ 170,727	\$ -	\$ 2,022,868	\$ 2,193,595
As at March 31, 2022				
Investments at fair value	\$ 355,426	\$ -	\$ 1,844,150	\$ 2,199,576

(b) Fair values of financial assets and liabilities:

	September 30, 2022		March 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Amortized cost				
Amounts receivable (i)	\$ 3,783,337	\$ 3,783,337	\$ 3,210,655	\$ 3,210,655
	\$ 3,783,337	\$ 3,783,337	\$ 3,210,655	\$ 3,210,655
FVTPL				
Cash and cash equivalents	\$ 17,637,277	\$ 17,637,277	\$ 20,318,036	\$ 20,318,036
Investments at fair value	2,193,595	2,193,595	2,199,576	2,199,576
	\$ 19,830,872	\$ 19,830,872	\$ 22,517,612	\$ 22,517,612
Other financial liabilities				
Accounts payable and accrued liabilities (i)	\$ 9,446,493	\$ 9,446,493	\$ 6,799,132	\$ 6,799,132
Promissory note payable	80,547	80,547	246,946	246,946
Loans and notes payable	242,554	242,554	299,169	299,169
	\$ 9,769,594	\$ 9,769,594	\$ 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.

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19. OTHER 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.