



Captor Capital Reports Higher Revenues and Lower Expenses in Unaudited Interim Financial Statements for the Three Months Ended September 30, 2019

- *Company's dispensary network recorded a gross profit of \$1,723,877 during the three month period ending September 30*
- *Both revenues and margins up quarter over quarter*

TORONTO, Dec. 02, 2019 -- **Captor Capital Corp. (CSE: CPTR; FRANKFURT: NMV; STUTTGART: NMVA; USOTC: CPTRF), ("Captor" or the "Company")**, an integrated cannabis company, today released its interim financial statements and quarterly MD&A for the three months ended September 30, 2019. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

The Company was a cannabis focused investment and merchant banking company. During the year ended March 31, 2019, the Company made certain acquisitions in the cannabis industry and changed its strategy. Effective August 3, 2018, the Company was deemed to be an operating company engaged in the retail sale of cannabis products.

The objective of the Company is to provide its shareholders with long-term capital growth by improving the operating efficiencies, profits and market share of its current operations through the acquisition of additional revenue generating cannabis assets.

Management Commentary

As we approach the end of the 2019 calendar year, the company is singularly focused on a mission to improve profitability by reducing costs while implementing low capital methods of maximizing current revenue streams and exploring low capital investment options to create new revenue streams.

The current financial results, with significant increases in both gross margins and revenues generated through the Company's dispensary networks in this quarter compared to the quarter previous, demonstrate the strategy is being implemented successfully.

Much progress has been made over the past 15 months since the Company changed strategies to become a cannabis-focused company. In that time we have entered and solidified our position in the retail cannabis sector in California – the world's largest legal cannabis market.

While costs have been high over that period, they have been for the most part exceptional one-off investments and fees associated with implementing new strategies and processes, while building both the internal capacity and experience necessary to succeed in a new, and potentially very lucrative, market for the company.

Entering the 2020 calendar year, we will continue to work diligently to right-size our organization in a way that manages expenses while still positioning the Company for further growth. In an effort to better serve our stakeholders, with a particular emphasis on our investors, we will intensify our efforts to decrease cost, while increasing revenues and cash flow.

We believe the cannabis sector still presents incredible opportunities and we will continue to execute on our plan to become profitable by focusing purely on revenue generating operations. Our increased focused on decreasing costs in the drive towards increasing profitability will better position us to navigate market fluctuations in the near term, while maintaining the flexibility and agility to continue to grow the company moving forward.

Financial Highlights For The Quarter Ended September 30, 2019

- During the three months ended September 30, 2019, the Company recorded a gross profit of \$1,723,877, or \$0.04 per share, from the sale of cannabis at its retail dispensaries compared to \$nil in the 2018 comparative period when the company was an investment and merchant banking company.
- General and administrative expenses decreased from \$6,239,241 for the three months ended September 30, 2018 to \$3,225,183 for the three months ended September 30, 2019.
- During the six months ended September 30, 2019, the Company recorded a gross profit of \$2,065,008, or \$0.05 per share, from the sale of cannabis at its retail dispensaries compared to \$nil in the 2018 comparative period when the company was an investment and merchant banking company.

Corporate Highlights For The Three Months Ended September 30, 2019

- Dene Rogers appointed CEO of Captor Capital Acquisition Corp.
- In November 2019, the Company appointed Bryan Reyhani and Mark Klein to the Board of Directors as independent

directors. In addition, Alex Dementev resigned from the Board for health reasons.

Retail and Manufacturing Highlights:

Captor has been able to achieve a base position in the California cannabis industry as a direct result of having sourced prime retail locations at Chai Santa Cruz and Chai Castroville. These stores have a multi-year operating history and a stable and consistent customer base. A key driver of the Chai retail model customer loyalty has been consistent strong customer service which is led by its well-trained bud tender workforce. The bud tenders guide Captor's customer base through a variety of cannabis product options to help them find the products which best work for them. This customer interaction has helped Chai to maintain consistent market share even as the competition has grown in the respective markets in which the stores operate.

The next step in Captor's retail market strategy will be to expand the floor space available as well as upgrade the design and aesthetics of the Chai brand of dispensaries. The goal of this redesign is to create a standardized experience whilst maintaining a bespoke look tailored to the culture of the local market. Management believes that the upgrades, in particular the floor space expansion, will have a material effect on revenue growth and the profitability of the Chai stores.

The Company will also be providing additional resources and support to expanding and improving its current direct to consumer delivery service. 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 will also seek to develop its own proprietary cannabis products, which it will sell into the market. Certain products that the Company owns will only be sold in Captor owned dispensaries and delivery service. Management believes that having an exclusive set of high quality bespoke products in its retail stores will further protect its current market share and lead to material new customer acquisition.

Delivery and Technology Highlights

- **Delivery:** The Company is in the final stages of testing its Beta e-commerce site, with plans to officially launch a same-day delivery service backed by a significant marketing campaign early in 2020. In the interim, the company has been making deliveries as part of the Beta testing program and has been very pleased with the results and the Company's ability to consistently offer delivery customers best-in-class product selection with expedited delivery times.
- **Loyalty Program:** The Company is in the process of creating and implementing a customer loyalty program. The program will be available to customers shopping at all CHAI Cannabis Co. dispensaries and those making online order through the Company's e-commerce platform. The service is expected to launch in Q1 2020.

Plan to Achieve Positive EBITDA:

- Current EBITDA includes corporate overhead for legal and professional services, which have been necessarily high due to the change of business and changes in accounting practices undertaken by the company.
- It is expected as the company moves forward the legal and professional fees will remain at a lower level, thereby relieving downward pressure on EBITDA.
- Simultaneously, the company is working diligently to further reduce corporate overhead.
- The Company is also implementing a number of strategies designed to increase revenues by improving same store performance.

ADDITIONAL INFORMATION

Additional information relating to the Company's quarterly filing is available on SEDAR at www.sedar.com and in the Company's Annual Financial Statements and in the Management's Discussion and Analysis for the Quarter Ended September 30, 2019.

About Captor Capital Corp.

Captor Capital Corp. is a Canadian vertically integrated cannabis company listed on the Canadian Securities Exchange, the OTC, and the Frankfurt and Stuttgart stock exchanges. Captor provides recreational and medical marijuana-based products to consumers and also owns and operates advanced growing facilities, which produce consistent high-quality contaminant free marijuana for its customers, as well as other high demand cannabis-based goods for consumption. The Company follows a strategy of acquiring cash flowing established companies and organizations with growth potential that require capital to scale. Captor currently has a number of revenue generating cannabis assets including the CHAI Cannabis Co. dispensaries in Santa Cruz and Monterey, CA. The Company also owns Mellow Extracts, a highly regarded producer of cannabis extracts based in Costa Mesa, CA.

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Forward-Looking Statements

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