
CAPTOR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Captor Capital Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Captor Capital Corp. (the Company), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 28, 2023

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

	As at March 31, 2023	As at March 31, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 15,087,180	\$ 20,318,036
Amounts receivable, prepaid expenses and deposits (Note 6)	3,761,718	3,187,818
Inventory	1,440,471	2,038,449
Investments at fair value (Note 10)	3,474,539	2,199,576
	23,763,908	27,743,879
Non-current		
Amounts receivable and prepaid expenses (Note 6)	848,873	895,143
Right-of-use assets (Note 7)	6,138,586	7,178,662
Property and equipment (Note 8)	2,905,531	3,200,850
Goodwill (Note 9)	6,304,019	7,574,881
Intangibles (Note 9)	7,319,491	9,823,108
	\$ 47,280,408	\$ 56,416,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 19)	\$ 9,918,789	\$ 6,799,132
Promissory note payable (Note 11(ii))	79,086	221,548
Loans and notes payable (Note 11(i))	154,954	156,088
Lease liabilities (Note 12)	1,195,247	1,066,886
Income tax payable (Note 20)	4,889,961	2,397,303
	16,238,037	10,640,957
Non-current		
Promissory note payable (Note 11(ii))	440	25,398
Loans and notes payable (Note 11(i))	-	143,081
Lease liabilities (Note 12)	6,462,747	7,071,181
Deferred tax liability (Note 20)	1,381,792	2,157,368
Uncertain tax liability (Note 20)	2,201,496	-
	26,284,512	20,037,985
Shareholders' Equity		
Share capital (Note 13)	116,143,585	116,143,585
Contributed surplus	32,512,168	32,512,168
Accumulated other comprehensive loss	(1,477,638)	(3,319,724)
Deficit	(130,455,525)	(117,471,915)
	16,722,590	27,864,114
Non-controlling interest (Note 5)	4,273,306	8,514,424
	20,995,896	36,378,538
	\$ 47,280,408	\$ 56,416,523

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 22)

APPROVED ON BEHALF OF THE BOARD:

Signed "John Zorbas" _____, Director

Signed "Kyle Appleby" _____, Director

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

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

Years Ended March 31,	2023	2022
Revenue	\$ 45,931,494	\$ 33,480,529
Excise taxes	(4,093,580)	(743,068)
Net revenue	41,837,914	32,737,461
Cost of sales	25,190,490	20,430,249
Gross profit	16,647,424	12,307,212
Expenses		
General and administrative expenses (Note 17)	18,982,259	18,716,346
Foreign exchange (gain) loss	(166,481)	485,470
Interest income	(164,881)	(22,481)
Write down of receivables and deposits (Notes 6 and 22)	6,055,341	673,018
Amortization of intangible assets (Note 9)	820,413	1,109,080
Total expenses	(25,526,651)	(20,961,433)
Net loss for the period before other items:	(8,879,227)	(8,654,221)
Realized loss on investments at fair value (Note 10)	(575,807)	(1,282,737)
Unrealized gain on investments at fair value (Note 10)	236,455	517,327
Gain on sale of investment in associate	-	61,804
Loss on abandoned projects	-	(1,502,149)
Loss on impairment of assets (Notes 8 and 9)	(4,519,937)	(5,328,790)
Net loss before income taxes	(13,738,516)	(16,188,766)
Current income tax expense (Note 20)	(4,419,445)	(2,198,945)
Deferred tax recovery (expense) (Note 20)	933,233	(13,334)
Net loss for the year	(17,224,728)	(18,401,045)
Other comprehensive (loss) income		
Items that may be reclassified subsequently:		
Foreign currency translation adjustment	1,842,086	(65,399)
	1,842,086	(65,399)
Comprehensive loss for the year	\$ (15,382,642)	\$ (18,466,444)
Net loss attributable to:		
Shareholders of the Company	\$ (12,983,610)	\$ (14,450,414)
Non-controlling interest	(4,241,118)	(3,950,631)
	\$ (17,224,728)	\$ (18,401,045)
Loss per share - basic and diluted (Note 16)	\$ (0.25)	\$ (0.28)

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

CAPTOR CAPITAL CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended March 31,	2023	2022
Cash (used in) provided by:		
Operating Activities		
Net loss for the year	\$ (17,224,728)	\$ (18,401,045)
Unrealized gain on investments at fair value	(236,455)	(517,327)
Realized loss on investments at fair value	575,807	1,282,737
Foreign exchange (gain) loss	(153,039)	485,469
Impairment of assets	4,519,937	5,328,790
Write down of receivables and deposits	6,055,341	673,018
Deferred tax (recovery) expense	(933,233)	13,334
Uncertain tax provision	2,201,496	-
Depreciation and amortization	2,967,044	3,106,334
Accretion	1,159,432	1,252,934
Stock based compensation expense	-	3,164,853
Changes in non-cash working capital items:		
Amounts receivable, prepaid expenses and deposits	(6,582,971)	(2,061,173)
Income tax payable	2,492,658	1,320,441
Accounts payable and accrued liabilities	3,366,124	(1,653,787)
Inventory	597,978	(633,998)
	(1,194,609)	(6,639,420)
Financing Activities		
Issue of common shares and units, net of issue costs	-	12,128,131
Exercise of options	-	229,500
Lease payments	(2,288,986)	(2,271,967)
	(2,288,986)	10,085,664
Investing Activities		
Purchase of property and equipment	(95,308)	(1,178,178)
Repayments of loans and notes payable	(372,036)	(249,677)
Proceeds from loan payable	-	326,319
Purchase of investments at fair value	(1,455,955)	-
Proceeds from sale of investments at fair value	6,599	436,116
Proceeds from sale of investment in associate	-	61,804
	(1,916,700)	(603,616)
Foreign exchange effect	169,439	112,271
Change in cash and cash equivalents	(5,400,295)	2,842,628
Cash and cash equivalents, beginning of year	20,318,036	17,363,137
Cash and cash equivalents, end of year	\$ 15,087,180	\$ 20,318,036
SUPPLEMENTAL INFORMATION:		
Interest received	\$ 164,881	\$ 22,481

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

CAPTOR CAPITAL CORP.**Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)**

	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 (note 13(b)(i))	12,160,818	-	-	-	-	12,160,818
Cost of issue	(32,687)	-	-	-	-	(32,687)
Common shares issued for exercise of options	410,805	(181,305)	-	-	-	229,500
Share based compensation (note 15)	-	3,164,853	-	-	-	3,164,853
Net comprehensive loss for the year	-	-	(65,399)	(14,450,414)	(3,950,631)	(18,466,444)
Balance, March 31, 2022	116,143,585	32,512,168	(3,319,724)	(117,471,915)	8,514,424	36,378,538
Net comprehensive loss for the year	-	-	1,842,086	(12,983,610)	(4,241,118)	(15,382,642)
Balance, March 31, 2023	\$ 116,143,585	\$ 32,512,168	\$ (1,477,638)	\$ (130,455,525)	\$ 4,273,306	\$ 20,995,896

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

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

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". Currently, trading of the common shares is halted due to the proposed transaction (Note 22(iii)). 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.

The consolidated financial statements were approved by the Board of Directors on July 28, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended March 31, 2023.

(b) Basis of presentation

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

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(z).

(c) Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity.

The Company uses the acquisition method of accounting to account for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess, if any, of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

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

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

(c) Basis of consolidation (continued)

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

Name	Place of incorporation	Ownership	
		March 31, 2023	March 31, 2022
Captor Capital Corp.	Ontario, Canada	100%	100%
Captor Acquisition Corp.	Delaware, USA	100%	100%
Captor Retail Group	California, USA	51%	51%
Captor Cash Management Inc.	California, USA	100%	100%
CAC Consumer Services LLC	Delaware, USA	100%	100%
CAC Consumer Group LLC	California, USA	100%	100%
Mellow Extracts LLC	California, USA	100%	100%
Fesanta Investments Ltd.	Republic of Cyprus	100%	100%
I-5 Holdings Ltd.	British Columbia, Canada	100%	100%
ICH Holdings Ltd.	Washington, USA	100%	100%
ICH Washington Holdings Ltd.	Washington, USA	100%	100%
Northwest Minerals Mexico, S.A. de C.V.	Mexico	100%	100%

(d) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in the associates are initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Company. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(e) Financial Instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Amounts receivable	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Other payables	Amortized cost
Loans and notes payable	Amortized cost
Promissory note payable	Amortized cost
Lease liabilities	Amortized cost

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

The Company's cash and cash equivalents and investments at fair value are classified at FVTPL.

- Amortized cost

Financial assets are classified as measured at amortized cost less expected credit losses if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable are classified as financial assets and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, loans and notes payable, promissory note payable and lease liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified at amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income. When an instrument at FVTOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 includes a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(f) Impairment of assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments

The Company carries its investments at fair value as financial assets at FVTPL. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to investments are not included as part of the cost of the investment and are recorded as an expense in the statements of income and comprehensive income. Purchases and sales of investments are accounted for on a trade-date basis. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded.

In the absence of an active market, the fair value is determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. Investments in options and warrants that are not traded on a recognized securities exchange do not have readily available market values. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the options and warrants are valued using valuation techniques using inputs from recent financings, trends in comparable publicly traded companies and general market conditions or using discounted cash flow method.

The Company also incurs costs to investigate certain early stage and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

(h) Revenue recognition on investments

Investment transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of the investments are reflected in the statements of loss and comprehensive loss.

Interest and loan income is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectability.

(i) Inventory

Inventory consists primarily of cannabis and related merchandise for resale and is valued at the lower of cost, determined using the weighted average method, and net realizable value. Net realizable value is the estimated selling price net of estimated discounts. All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the following terms and methods starting from the date it is available for use:

Computers	Straight-line 3 years
Furniture and fixtures	Straight-line 5 years
Cannabis equipment	Straight-line 5 years
Leasehold improvements	Straight-line over lease term
Vehicles	Straight-line 5 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

Significant judgment is involved in the determination of estimated residual values and useful lives and no assurance can be given that actual residual values and useful lives will not differ significantly from current estimates.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted if appropriate. Property and equipment not yet available for use are not subject to depreciation.

(k) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

(l) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	Straight-line 5 years
Tradenames	Straight-line 5 years

Licenses are considered to have an indefinite life and are not amortized.

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGUs for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior period. Impairment losses on goodwill are not subsequently reversed.

(n) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets (less than \$5,000); and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to exercise that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases (continued)

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

(o) Revenue recognition

Revenue is generated from sales to customers through retail stores for cannabis. Revenue from retail sales is recognized at the point of sale.

The revenue recognition standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment is typically due prior to shipment and is recognized into revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Foreign currency translation

The Canadian dollar is the presentation currency of the Company. The functional currencies of the Company and its subsidiaries are as follows:

Name	Functional currency
Captor Capital Corp.	Canadian dollar
Captor Acquisition Corp.	US Dollar
Captor Retail Group	US Dollar
Captor Cash Management Inc.	US Dollar
CAC Consumer Services LLC	US Dollar
CAC Consumer Group LLC	US Dollar
Mellow Extracts LLC	US Dollar
Fesanta Investments Ltd.	US Dollar
I-5 Holdings Ltd.	Canadian Dollar
ICH Holdings Ltd.	US Dollar
ICH Washington Holdings Ltd.	US Dollar
Northwest Minerals Mexico, S.A. de C.V.	Mexican Peso

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statements of loss and comprehensive loss.

Assets and liabilities of subsidiaries having a currency other than the Canadian dollar are translated at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive loss.

(q) Share-based payments

The Company operates a stock option plan under which it receives services from employees, and others providing similar services, as consideration for equity instruments of the Company.

Stock options granted are settled with shares of the Company when exercised. The expense is determined based on the fair value of the award granted and recognized over the period which services are received, which is usually the vesting period. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statements of loss and comprehensive loss.

(r) Warrant reserve

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finder's fees, using the residual method. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

(t) Repurchase of shares

Repurchase of shares is recorded using the constructive retirement method which is used under the assumption that the repurchased stock will not be reissued in the future. Under this approach, the amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit. The stated capital of the repurchased shares is determined based on the average cost of the particular share class at the time of repurchase.

(u) Non-controlling interests

Non-controlling interest is measured at its proportionate share of the acquirer’s identifiable net assets or liabilities. Net income or loss and comprehensive income or loss, for the period, are allocated between non-controlling interest and owners of the parent. Non-controlling interest in subsidiaries must be presented in the statement of financial position within equity, separately from the equity of the owners of the parent.

(v) Income taxes

Income tax comprises current and deferred tax. Income tax recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying value in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized only to the extent that future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(x) Government grants

The Company receives government grants in the form of cash for payroll expenses. These grants are recorded as an offset to salaries and benefits (a component of operating expenses) when they become receivable.

(y) 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, 2023 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, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

(z) Critical accounting estimates and judgments

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical judgments and estimates used in applying accounting policies:

(i) Determination of functional currency - foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour, material and other costs for each consolidated entity.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Critical accounting estimates and judgments (continued)

(ii) *Fair value of investment in securities not quoted in an active market or private company investments* - where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. As valuations of investments for which market quotations are not readily available are inherently uncertain, determination of fair value may differ materially from the values that would have resulted if a ready market existed.

(iii) *Estimated useful lives, impairment considerations and amortization of property and equipment* - amortization of property and equipment is dependent upon estimates of useful lives based on management's judgment.

(iv) *Estimated useful lives, impairment considerations and amortization of goodwill and intangibles* - amortization of intangible assets is dependent upon estimates of useful lives based on management's judgment. There is a material degree of judgment with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future.

(v) *Share-based compensation* - the fair value of share-based compensation expenses is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

(vi) *Income taxes* - provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(vii) *IRC Section 280E* - as the Company derives revenue from the cannabis industry and taking into account the potential impact of ongoing US tax cases that interpret the application of IRC Section 280E, the Company is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of the products. This results in permanent differences between ordinary and necessary business expenses deemed not allowable under IRC Section 280E.

(viii) *Recovery of amounts receivable and deposits* - the Company estimates the collectability and timing of collection of its receivables and deposits, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

(ix) *Valuation of inventory* - the provision for obsolescence and the estimated net realizable value.

(x) *Legal provisions and contingent liabilities* - judgment is required in making a determination for recognition and disclosure requirements as it relates to lawsuits faced by the Company.

(xi) *Going concern* - at each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends, and are consistent with those used to evaluate the impairment of goodwill and intangible assets as at March 31, 2023. Management believes there is sufficient cash inflow to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows and the Company's cash position at year-end.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserve and deficit which at March 31, 2023 totaled \$16,722,590 (2022 - \$27,864,114). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its investments. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2023.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents are held with reputable financial institutions. Amounts receivable are in good standing as of March 31, 2023. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and amounts receivable is minimal.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had cash and cash equivalents of \$15,087,180 (2022 - \$20,318,036) to settle current liabilities of \$16,238,037 (2022 - \$10,640,957). The Company generates cash flow primarily from its financing activities and management is of the opinion that additional funding is available to allow the Company to meet its financial obligations when they become due. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

4. FINANCIAL RISK FACTORS (Continued)

Liquidity Risk (continued)

The Company has the following contractual obligations as of March 31, 2023:

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 9,918,789	\$ -	\$ -	\$ -	\$ 9,918,789
Promissory note payable	79,086	440	-	-	79,526
Loans and notes payable	154,954	-	-	-	154,954
Lease liabilities	1,195,247	2,083,742	2,440,148	1,938,857	7,657,994
	\$ 11,348,076	\$ 2,084,182	\$ 2,440,148	\$ 1,938,857	\$ 17,811,263

The Company has the following contractual obligations as of March 31, 2022:

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 6,799,132	\$ -	\$ -	\$ -	\$ 6,799,132
Promissory note payable	221,548	25,398	-	-	246,946
Loans and notes payable	156,088	143,081	-	-	299,169
Lease liabilities	1,066,886	2,889,183	2,391,705	1,790,293	8,138,067
	\$ 8,243,654	\$ 3,057,662	\$ 2,391,705	\$ 1,790,293	\$ 15,483,314

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash and cash equivalents and interest bearing debt at fixed interest rates. The Company considers interest rate risk to be immaterial.

(ii) Foreign Currency Risk

Foreign currency risk arises from commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company maintains United States dollar bank accounts and pays certain expenses in United States dollars. The Company's reporting currency is the Canadian dollar and it is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars.

(iii) Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

4. FINANCIAL RISK FACTORS (Continued)

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period. The sensitivity analysis shown in the notes below may differ materially from actual results.

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, accounts receivable, promissory notes, accounts payable and accrued liabilities and loans payable that are denominated in United States dollars. As at March 31, 2023, had the United States dollar varied by 5% against the Canadian dollar with all other variables held constant, the Company's reported net loss and comprehensive loss for the year ended March 31, 2023 would have varied by approximately \$609,000.

(ii) The Company's investments are sensitive to an estimated plus or minus 10% change in equity prices which would affect net loss and comprehensive loss by approximately \$347,000.

5. NON- CONTROLLING INTEREST

The continuity of CRG's non-controlling interest at March 31, 2023 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 year ended March 31, 2023	(4,241,118)
Balance, March 31, 2023	\$ 4,273,306

6. AMOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

	As at March 31, 2023	As at March 31, 2022
Sales tax receivable - Canada	\$ 375,345	\$ 252,011
Amounts receivable	2,635,736	2,289,936
Other receivables / deposits ⁽¹⁾	874,449	920,719
Prepaid expenses and deposits	725,061	620,295
	4,610,591	4,082,961
Long-term other receivable	(848,873)	(895,143)
	\$ 3,761,718	\$ 3,187,818

⁽¹⁾ During the year ended March 31, 2023, the Company determined that \$6,055,341 (2022 - \$673,018) of deposits were uncollectible and wrote down by that amount (Note 22(iii)). On August 10, 2020, the Company entered into a stock purchase and sale agreement with Wealthcraft Capital Corp. ("Wealthcraft") whereby Wealthcraft would acquire 100% of the issued and outstanding shares of ICH Washington Holdings Ltd., a wholly owned subsidiary of Captor. During fiscal 2021, the Company reclassified the net assets of ICH Washington Holdings Ltd. as held for sale. During fiscal 2022, the stock purchase and sale agreement was terminated and management wrote off the assets of ICH Washington Holdings Ltd and recorded a write-down of \$675,112.

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

7. 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	(1,599,184)
Impact of foreign exchange	559,108
Balance - March 31, 2023	\$ 6,138,586

8. 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 year	7,753	1,806	67,783	-	77,342
Impairment (Note 9)	(9,000)	(37,200)	(34,200)	-	(80,400)
Impact of foreign exchange	9,338	29,721	260,481	11,464	311,004
At March 31, 2023	\$ 118,474	\$ 351,978	\$ 3,536,563	\$ 149,605	\$ 4,156,620
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	27,268	45,258	426,171	47,833	546,530
Impact of foreign exchange	5,747	4,324	46,664	-	56,735
At March 31, 2023	\$ 94,738	\$ 89,200	\$ 917,546	\$ 149,605	\$ 1,251,089
Carrying value					
At March 31, 2022	\$ 48,660	\$ 318,033	\$ 2,797,788	\$ 36,369	\$ 3,200,850
At March 31, 2023	\$ 23,736	\$ 262,778	\$ 2,619,017	\$ -	\$ 2,905,531

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

9. GOODWILL AND INTANGIBLES

Cost	Licenses	Customer relationship	Tradename	Total Intangibles	Goodwill
At March 31, 2021	\$ 8,221,330	\$ 976,377	\$ 2,922,624	\$12,120,331	\$12,672,838
Impairment	-	-	-	-	(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
Impairment	(2,341,100)	(54,000)	(84,500)	(2,479,600)	(1,959,937)
Impact of foreign exchange	677,974	80,517	241,015	999,506	689,075
At March 31, 2023	\$ 6,506,555	\$ 996,760	\$ 3,060,778	\$10,564,093	\$ 6,304,019
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	-	205,446	614,967	820,413	-
Impact of foreign exchange	-	62,023	141,087	203,110	-
At March 31, 2023	\$ -	\$ 958,153	\$ 2,286,449	\$ 3,244,602	\$ -
Carrying value					
At March 31, 2022	\$ 8,169,681	\$ 279,559	\$ 1,373,868	\$ 9,823,108	\$ 7,574,881
At March 31, 2023	\$ 6,506,555	\$ 38,607	\$ 774,329	\$ 7,319,491	\$ 6,304,019

As of March 31, 2023, 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 was 18.8%.

As at March 31, 2023, management determined that the recoverable amount was less than the carrying value. An impairment loss has been recorded on goodwill in the amount of \$1,959,937 (2022 - \$5,018,993), on intangible assets in the amount of \$2,479,600 (2022 - \$nil) and on property and equipment in the amount of \$80,400 (2022 - \$nil). At the CGU level, the impairment was attributable to the Castorville and Santa Cruz business operations of \$2,361,054 and \$2,158,883, respectively (2022 - \$4,408,000 and \$610,993, respectively).

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

10. 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
Additions (disposal)	-	1,414,655	-	1,414,655
Revaluation to fair market value	(119,216)	(173,516)	153,040	(139,692)
At March 31, 2023	\$ 14,025	\$ 1,463,324	\$ 1,997,190	\$ 3,474,539

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.

11. 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	-	(165,257)	(165,257)
Impact of foreign exchange	-	21,042	21,042
Balance - March 31, 2023	\$ -	\$ 154,954	\$ 154,954
Current portion	\$ -	\$ 154,954	\$ 154,954

(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 March 31, 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 Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

11. LOANS AND NOTES PAYABLE (Continued)

(ii) 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	(183,706)
Impact of foreign exchange	16,286
Balance - March 31, 2023	\$ 79,526
Current portion	\$ 79,086
Non-current portion	\$ 440

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.

12. 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	1,159,432
Lease payments	(2,288,986)
Impact of foreign exchange	649,481
Balance - March 31, 2023	\$ 7,657,994
Current portion	\$ 1,195,247
Non-current portion	\$ 6,462,747

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

12. LEASE LIABILITIES (Continued)

Maturity analysis - contractual undiscounted cash flows

As at March 31, 2023

Due less than one year	\$ 2,206,488
Due between one and two years	1,864,450
Due between two and three years	1,802,244
Due thereafter	5,531,349
Total undiscounted lease obligations	\$ 11,404,531

During the year ended March 31, 2023, the Company expensed \$48,000 (2022 - \$48,000) related to short-term leases.

13. 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	765,000	229,500
Fair value of options exercised	-	181,305
Balance, March 31, 2022 and March 31, 2023	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.

14. 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 13(b)(i))	6,400,431	1.20
Balance, March 31, 2022 and March 31, 2023	6,400,431	\$ 1.20

The Company had the following warrants outstanding at March 31, 2023:

Number of Warrants	Exercise Price	Expiry Date
6,400,431	\$ 1.20	April 30, 2023

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

15. 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 years presented:

	Number of stock options	Weighted average exercise price
Balance, March 31, 2021	1,975,000	\$ 0.30
Options granted (i)(ii)	3,523,626	1.08
Options exercised	(765,000)	0.30
Balance, March 31, 2022	4,733,626	0.88
Options cancelled	(75,000)	0.30
Balance, March 31, 2023	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.

(ii) On January 4, 2022, the Company granted 2,800,000 stock options to directors and officers. All options vested immediately and each option entitles the holder to purchase one (1) common share at a price of \$0.95 per common share for a period of five (5) years from date of grant.

A value of \$2,324,000 was estimated for the 2,800,000 stock options on the date of grant with the following assumptions and inputs: share price of \$0.95; exercise price of \$0.95; expected dividend yield of 0%; expected volatility of 135% which is based on historical data; risk-free interest rate of 1.39%; and an expected average life of five years.

The Company had the following stock options outstanding at March 31, 2023:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
1,135,000	1,135,000	0.55	0.30	October 19, 2023
723,626	723,626	1.35	1.60	August 3, 2024
2,800,000	2,800,000	3.77	0.95	January 4, 2027
4,658,626	4,658,626	2.61	0.89	

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

16. LOSS PER SHARE

Years Ended March 31,	2023	2022
Net loss for the year	\$ (12,983,610)	\$ (14,450,414)
Net loss per share - basic and diluted	\$ (0.25)	\$ (0.28)
Weighted average number of shares outstanding - basic and diluted	52,095,600	51,729,893

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

17. GENERAL AND ADMINISTRATIVE EXPENSES

Years Ended March 31,	2023	2022
Management and administrative services (Note 19)	\$ 622,007	\$ 1,439,737
Professional fees	2,274,022	2,688,820
Operational expenses	12,577,374	7,976,590
Travel expenses	24,415	69,396
Regulatory fees	44,722	114,871
Share based compensation (Note 15)	-	3,164,853
Interest and penalty	133,656	11,891
Depreciation	547,447	484,468
Accretion - lease liability	1,159,432	1,252,934
Amortization - right-of-use assets	1,599,184	1,512,786
	\$ 18,982,259	\$ 18,716,346

18. 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 March 31, 2023	Corporate	Cannabis Operations	Total
Current assets	\$ 15,391,587	\$ 8,372,321	\$ 23,763,908
Property and equipment	-	2,905,531	2,905,531
Other assets	-	20,610,969	20,610,969
Total assets	\$ 15,391,587	\$ 31,888,821	\$ 47,280,408
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

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

18. SEGMENTED INFORMATION (Continued)

Year Ended March 31, 2023	Corporate	Cannabis Operations	Total
Revenue	\$ -	\$ 45,931,494	\$ 45,931,494
Gross profit	-	16,647,424	16,647,424
Net loss	(8,125,279)	(9,099,449)	(17,224,728)

Year Ended March 31, 2022	Corporate	Cannabis Operations	Total
Revenue	\$ -	\$ 33,480,529	\$ 33,480,529
Gross profit	-	12,307,212	12,307,212
Net loss	(9,657,446)	(8,743,599)	(18,401,045)

Geographical segments

As at March 31, 2023	Canada	United States	Other	Total
Current assets	\$ 14,941,110	\$ 8,372,320	\$ 450,478	\$ 23,763,908
Property and equipment	-	2,905,531	-	2,905,531
Other assets	-	20,610,969	-	20,610,969
Total assets	\$ 14,941,110	\$ 31,888,820	\$ 450,478	\$ 47,280,408

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

Year Ended March 31, 2023	Canada	United States	Other	Total
Revenue	\$ -	\$ 45,931,494	\$ -	\$ 45,931,494
Gross profit	-	16,647,424	-	16,647,424
Net loss	(8,128,279)	(9,099,082)	2,633	(17,224,728)

Year Ended March 31, 2022	Canada	United States	Other	Total
Revenue	\$ -	\$ 33,480,529	\$ -	\$ 33,480,529
Gross profit	-	12,307,212	-	12,307,212
Net loss	(8,374,709)	(8,743,599)	(1,282,737)	(18,401,045)

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

19. 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:

Years Ended March 31,	2023	2022
Directors fees and bonus (i)	\$ 346,508	\$ 845,000
Alegana Enterprises Ltd. ("Alegana") (ii)	270,484	220,000
Marrelli Support Services Inc. ("MSSI") (iii)	121,130	93,482
CFO Advantage Inc. (iv)	-	12,500
Share based compensation	-	2,749,835
	\$ 738,122	\$ 3,920,835

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at March 31, 2023, is \$nil (March 31, 2022 - \$50,000) due to directors of the Company.

(ii) Alegana is a company controlled by Mr. John Zorbias, the President and Chief Executive Officer ("CEO") of the Company. The consulting fees paid to Alegana are for the function of the President which include, but are not limited to, managing the capital structure and current investment portfolio of the Company. Included in accounts payable and accrued liabilities at March 31, 2023 is \$12,219 (March 31, 2022 - \$12,219) owing to Alegana.

(iii) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSI. The management fees paid to MSSI relate to CFO function performed by Mr. Peng which includes the reporting of financial information and the safeguard of the Company's assets. Included in accounts payable and accrued liabilities at March 31, 2023 is \$41,445 (March 31, 2022 - \$7,605) owing to MSSI.

(iv) CFO Advantage Inc. is a company controlled by Kyle Appleby, a director of Captor for consulting services performed for the Company.

20. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 - 26.5%) on the net loss is as follows:

Years Ended March 31,	2023	2022
Loss before income taxes	\$ (13,738,516)	\$ (16,188,766)
Expected income tax recovery	\$ (3,640,707)	\$ (4,290,023)
Share based compensation, non-deductible expenses and other	4,325,847	4,838,324
280E non-deductible expenses	3,215,078	2,498,912
Difference in tax rates	(1,157,474)	(587,369)
Difference in tax rates on taxable capital gains	76,294	(54,265)
Change in tax benefit not recognized	667,174	(193,300)
Income tax expense	\$ 3,486,212	\$ 2,212,279

The Company's income tax expense is allocated as follows:

Current tax expense	4,419,445	2,198,945
Deferred tax expense (recovery)	(933,233)	13,334
Income tax expense	\$ 3,486,212	\$ 2,212,279

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

20. INCOME TAXES (Continued)

The following table summarizes the components of deferred tax:

Deferred Tax	March 31, 2023	March 31, 2022
<u>Deferred Tax Assets</u>		
Reserves	\$ 121,973	\$ 122,068
Fixed assets	52,018	-
Operating tax losses carried forward	777,908	704,352
Subtotal of assets	\$ 951,899	\$ 826,420
<u>Deferred Tax Liabilities</u>		
Intangible assets	\$ (2,333,692)	\$ (2,956,637)
Property and equipment	-	(27,150)
Subtotal of liabilities	\$ (2,333,692)	\$ (2,983,787)
Net deferred tax liability	\$ (1,381,793)	\$ (2,157,367)

Unrecognized Deferred Tax Assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

As at March 31,	2023	2022
Investments	\$ 6,553,943	\$ 6,637,359
Other investments	118,175	271,215
Non-capital losses carried forward - Canada	23,777,737	22,353,906
Losses carried forward - US	777,908	704,352
Capital tax losses carried forward - US	62,339,910	62,339,910
Share issuance costs	4,883,941	6,511,922
Accounts payable and accrued liabilities	121,973	122,068
Other unrecognized deferred tax assets	2,561,694	2,509,676

The Canadian operating tax losses carry forwards expire as noted in the table below. The US operating tax losses may be carried forward indefinitely. Capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. The Company's Canadian non-capital income tax losses expire as follows:

2034	\$ 1,108,201
2035	766,467
2036	603,258
2037	2,606,095
2038	2,176,307
2039	7,151,149
2040	341,364
2041	1,525,700
2042	5,311,225
2043	2,187,971
	\$ 23,777,737

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

20. INCOME TAXES (Continued)

Uncertain Tax Liability

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

The Company is required to inventory, evaluate, and measure all uncertain tax positions taken or to be taken on tax returns, and to record liabilities for the amount of such positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities. As of March 31, 2023, the Company recognized uncertain tax provision of \$2,201,496.

21. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
As at March 31, 2023				
Investments at fair value	\$ 1,477,349	\$ -	\$ 1,997,190	\$ 3,474,539
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:

	March 31, 2023		March 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Amortized cost				
Amounts receivable (i)	\$ 3,510,185	\$ 3,510,185	\$ 3,210,655	\$ 3,210,655
	\$ 3,510,185	\$ 3,510,185	\$ 3,210,655	\$ 3,210,655
FVTPL				
Cash and cash equivalents	\$ 15,087,180	\$ 15,087,180	\$ 20,318,036	\$ 20,318,036
Investments at fair value	3,474,539	3,474,539	2,199,576	2,199,576
	\$ 18,561,719	\$ 18,561,719	\$ 22,517,612	\$ 22,517,612

CAPTOR CAPITAL CORP.

Notes to Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

21. FAIR VALUE MEASUREMENTS (Continued)

	March 31, 2023		March 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Other financial liabilities				
Accounts payable and accrued liabilities (i)	\$ 9,918,789	\$ 9,918,789	\$ 6,799,132	\$ 6,799,132
Promissory note payable (i)	79,526	79,526	246,946	246,946
Loans and notes payable (i)	154,954	154,954	299,169	299,169
	\$ 10,153,269	\$ 10,153,269	\$ 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.

22. SUBSEQUENT EVENTS

- (i) Subsequent to March 31, 2023, 6,400,431 warrants with an exercise price of \$1.20 expired unexercised.
- (ii) Subsequent to March 31, 2023, 4,658,626 stock options with a weighted average exercise price of \$0.89 were cancelled by the Company.
- (iii) On July 26, 2023, the Company announced that it is no longer pursuing a business combination with Rimstock Holdings Limited ("Rimstock") in which the Company would have acquired a majority position of Rimstock in exchange for shares and cash consideration and would have resulted in the reverse takeover of the Company by Rimstock shareholders (the "Rimstock RTO"). Despite the best efforts of the parties, Rimstock and Captor were unable to reach agreement with Rimstock's secured creditors for the Rimstock RTO to proceed.

Prior to the termination of the Rimstock RTO, the Company advanced an aggregate of \$6,055,341 (US\$4,469,076) in bridge financing to Rimstock pursuant to the terms and subject to the conditions of a senior unsecured convertible debenture in the principal amount of US\$9,500,000 dated July 1, 2023 (the "Debenture"). The aggregate amount advanced to Rimstock under the Debenture is inclusive of the US\$2,500,000 non-refundable deposit the Company advanced to Rimstock on signing the letter of intent in respect of the Rimstock RTO. The financing represented Captor's sole investment in Rimstock and no further amounts will be advanced to Rimstock under the Debenture. Interest accrues under the Debenture at a rate of 1% above the base rate of Barclays Bank plc, and has a two year maturity period, subject to accelerated maturity in certain circumstances. Subject to the receipt of relevant regulatory approvals, the outstanding principal amount is convertible into ordinary shares in the capital of Rimstock. The proceeds from the Debenture were used by Rimstock for working capital and general operating purposes.

As the Rimstock RTO will not proceed, Rimstock is in discussions with its lenders regarding the restructuring of Rimstock and its liabilities. This has resulted in certain Rimstock group companies being placed into administration pursuant to UK insolvency laws and a write-down of the advances to Rimstock by the Company.

Following the termination of the RTO, the Company will seek to lift the trading halt on its common shares on the CSE. The resumption of trading of the common shares of the Company is subject to the approval of the CSE.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation. Such reclassification had no impact on previously reported net loss or deficit.