

CAPTOR CAPITAL CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Captor Capital Corp. and its subsidiaries and investee companies (collectively, the "Company" or "Captor") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2025. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal years ended March 31, 2025 and 2024, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at July 28, 2025, unless otherwise indicated.

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

Further information about the Company and its operations can be obtained from the offices of the Company or on the Company's SEDAR+ profile at www.sedarplus.ca.

Description of Business

Captor was incorporated under the laws of the Province of Ontario, Canada by articles of incorporation on September 26, 2003 and Captor's outstanding common shares became publicly listed on March 19, 2004 on the TSX Venture Exchange (the "Exchange") under the symbol "NWT". Subsequently, the Company's outstanding common shares were listed on the OTCBB under the symbol "NWURF" and on the Frankfurt Exchange. The Company de-listed its common shares from the Exchange on June 1, 2017 and submitted an application for listing its common shares on the Canadian Securities Exchange ("CSE"). The delisting of the Company's shares from the Exchange was done pursuant to a resolution approved by shareholders that was passed on December 16, 2016. On October 30, 2017, the common shares of Captor commenced trading on the CSE under the symbol "CPTR".

The Company is a Canadian investment entity. The objective of the Company is to provide its shareholders with long-term capital growth by investing in a portfolio of cannabis focused companies and other industries. The Company has determined that it meets the definition of an investment entity under IFRS 10. All investments are recorded at fair value at each reporting date.

Highlights

- Effective July 11, 2024, the Company consolidated its common shares on a 15:1 basis. All references in the consolidated financial statements and this MD&A have been adjusted to reflect this share consolidation.

Transition to IFRS 10 Investment Entity

On April 1, 2024, as a result of the Company's evolving business model and board mandate, the Company prospectively applied the IASB issued Investment Entities as defined in IFRS 10 - Consolidated Financial Statement. IFRS requires an investment entity to measure investments at fair value through profit or loss. As an investment company, the Company will focus its resources on investments in other companies. The investment objective of the Company is to provide its shareholders with long-term capital growth by investing in a diversified portfolio of public companies private companies and lending arrangements.

Previously, the Company consolidated Captor Acquisition Corp., Captor Retail Group and certain subsidiaries (collectively "Captor Acquisition Group"), but as it has changed its mandate to be an investment entity, the Company's investee companies and loans are measured at fair value with changes recognized in the statements of loss and comprehensive loss.

As at April 1, 2024, the Company deconsolidated Captor Acquisition Group resulting in a gain on transition to an investment entity of \$6,209,471 and recorded an investment at fair value of \$nil.

On transition to an investment entity, the Company recognized an investee loan to the Captor Acquisition Group in an amount of \$4,772,181 (principal value: US\$18,709,976). Previously the loan was eliminated on consolidation. This amount is unsecured, does not bear interest and is payable on demand.

Investment Portfolio and Sector Diversification

Captor maintains a diversified investment portfolio across multiple industry segments through strategic capital deployment using various financial instruments measured at fair value. The Company's investment strategy spans several key sectors, each contributing to its broad market exposure while maintaining portfolio diversification. In the cannabis sector, Captor holds equity positions in retail operations and provides working capital loans to cannabis-related businesses, maintaining its role as a passive financial investor without operational involvement. The Company's natural resource investments focus on exploration and development through both equity holdings and working capital facilities, while its technology portfolio includes automotive technology loans and equity interests in supply chain software companies. Captor's financial assets encompass diversified marketable securities held at fair value, cryptocurrency assets held for capital appreciation, and loans to investees measured at fair value through profit or loss. The transportation sector is represented through loan facilities to maritime counterparties targeting investment income, and consumer retail exposure includes loan facilities for retail-to-consumer businesses.

Investments at Fair Value

The Company's investments portfolio consisted of the following as at March 31, 2025:

Investments	Fair Value			Total
	Level 1	Level 2	Level 3	
Equities	\$ 1,248,489	\$ -	\$ 463,168	\$ 1,711,657
Loans	-	2,515,799	4,456,561 ⁽ⁱ⁾	6,972,360
Total investments	\$ 1,248,489	\$ 2,515,799	\$ 4,919,729	\$ 8,684,017

⁽ⁱ⁾ On March 31, 2025, the Company recorded unrealized loss on Captor Acquisition Group loan of of \$315,620, resulting in a net loan balance of \$4,456,561.

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The principal balance of the loan on March 31, 2025 was US\$18,709,976. The fair value assigned to the loan is \$4,456,561 by capping the loan value at the Enterprise Value of CRG equity investment. The Enterprise Value of the CRG equity investment was determined using the Discounted Cash Flow (DCF). The key assumptions used in the DCF: Revenue Growth 0.80% for fiscal year 2026 followed by a 2% annual increase; gross margin of 29.23%; EBITDA of 15.9% - 17.8% and tax rate of 21%.

The Company held certain debt investments of investee companies of which management had assessed that there was a low probability of collection. During the year ended March 31, 2025, the Company recorded an allowance for ECL of \$266,019.

The Company's investments portfolio consisted of the following as at March 31, 2024:

Investments	Fair Value			Total
	Level 1	Level 2	Level 3	
Equities	\$ 1,372,519	\$ -	\$ 1,004,841	\$ 2,377,360
Loans	-	-	-	-
At March 31, 2025	\$ 1,372,519	\$ -	\$ 1,004,841	\$ 2,377,360

Corporate Update on Investment in Captor Acquisition Group

The Company is a Canadian investment entity. The objective of the Company is to provide its shareholders with long-term capital growth by investing in a diversified portfolio of companies. Captor's investments are accounted for at fair value. However, the Company would like to provide additional information on the operations of its investment in Captor Acquisition Group for the year ended March 31, 2025.

	Apr 2024 to Mar 2025
Revenue	\$ 27,372,956
Cost of sales	(19,372,738)
Gross profit	\$ 8,000,218

EBITDA Summary

Net income	\$ 486,431
Depreciation	217,355
EBITDA	\$ 703,786

Captor Retail Group Update

CRG executive leadership continues to lead an experienced team with strong background in retail operations as well as highly educated, well-trained budtenders to lead the front-line customer engagement. Retail managers and front-line leadership from Captor are blending a select breed of operators that hail from cannabis retail and food and beverage ("F&B") service backgrounds, combining strong operations efficacy, extensive cannabis sector expertise, and corporate management experience.

Increasing the retail footprint from two to seven locations and increasing retail revenue has supported supply chain improvements for the network of stores. Aggressive expansion and a continued commitment to revenue

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growth have resulted in a variety of one-time charges for the Company including but not limited to, cost of acquiring leases, salaries of those involved in expansion, organizational costs of such M&A activity and G&A. Captor remains confident the growth strategy will increase purchasing power, continue to streamline supply chains, and centralize business activities in the long-term. The growth-related expenses will support the development of operational effectiveness and economies of scale.

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

CRG has seven operational dispensaries. The employee count for both full and part-time employees is 78.

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

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

Selected Annual Financial Information

	Year ended March 31, 2025 (\$)	Year ended March 31, 2024 (\$)	Year ended March 31, 2023 (\$)
Revenue	nil	36,765,994	45,931,494
Net income (loss)	7,699,693	(16,135,247)	(17,224,728)
Net income (loss) attributable to shareholders of the Company	7,699,693	(11,380,975)	(12,983,610)
Net income (loss) per share attributable to shareholders of the Company			
Basic	2.21	(3.28)	(3.74)
Diluted	2.21	(3.28)	(3.74)
	As at March 31, 2025 (\$)	As at March 31, 2024 (\$)	As at March 31, 2023 (\$)
Total assets	15,229,814	33,854,476	47,280,408
Total long-term liabilities	nil	9,307,303	10,046,475

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Summary of Quarterly Results

Quarter ended	Revenue (\$)	Net income or (loss)		Net income or (loss) attributable to shareholders of the Company		Total assets (\$)
		Total (\$)	Basic and diluted per share ⁽⁹⁾ (\$)	Total (\$)	Basic and diluted per share ⁽⁹⁾ (\$)	
March 31, 2025	nil	(23,113,938) ⁽¹⁾	(6.66)	(23,113,938)	(6.66)	15,229,814
December 31, 2024	nil	1,737,403 ⁽²⁾	0.50	1,737,403	0.50	42,523,682
September 30, 2024	nil	(1,201,595) ⁽³⁾	(0.35)	(1,201,595)	(0.35)	40,724,805
June 30, 2024	nil	30,277,823 ⁽⁴⁾	8.72	30,277,823	8.72	42,015,618
March 31, 2024	9,212,970	(15,423,941) ⁽⁵⁾	(4.44)	(9,477,592)	(2.73)	33,854,476
March 31, 2024	9,359,513	(393,833) ⁽⁶⁾	(0.11)	(709,458)	(0.20)	42,167,492
September 30, 2023	8,949,309	(159,333) ⁽⁷⁾	(0.05)	(730,697)	(0.21)	43,304,527
June 30, 2023	9,244,202	(158,140) ⁽⁸⁾	(0.05)	(463,228)	(0.13)	44,575,252

- (1) Net loss of \$23,113,938 consisted primarily of a reduction to the gain on transition to an investment entity of \$24,887,314, unrealized loss on investments at fair value of \$1,190,194 offset by gain on derecognition of tax accrual of \$3,773,700.
- (2) Net income of \$1,737,403 consisted primarily of foreign exchange gain of \$1,984,571 and general and administrative expenses of \$342,531.
- (3) Net loss of \$1,201,595 consisted primarily of unrealized loss on investments at fair value of \$409,449 and general and administrative expenses of \$464,555.
- (4) Net income of \$30,277,823 consisted primarily of the gain on transition to an investment entity of \$31,096,785.
- (5) Net loss of \$15,423,941 consisted primarily of general and administrative expenses of \$4,889,481, impairment of assets of \$8,070,520, unrealized loss on investments at fair value of \$2,083,854 and income tax expense of \$4,850,217 and was offset by gross profit of \$4,261,979.
- (6) Net loss of \$393,833 consisted primarily of general and administrative expenses of \$4,054,350 offset by gross profit of \$4,178,586.
- (7) Net loss of \$159,333 consisted primarily of general and administrative expenses of \$3,797,698 offset by gross profit of \$4,148,465.
- (8) Net loss of \$158,140 consisted primarily of general and administrative expenses of \$4,134,763 and was offset by gross profit of \$4,348,555.
- (9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Results of Operations

For the three months ended March 31, 2025 compared with the three months ended March 31, 2024:

For the three months ended March 31, 2025, the Company's net loss was \$23,113,938 (\$6.66 per share), compared to net loss of \$15,423,941 (\$4.44 per share) for the three months ended March 31, 2024. The increase in net loss of \$7,689,997 is a result of the following:

- During the three months ended March 31, 2025, the Company recorded a reduction of \$24,887,314 of the gain on transition to an investment entity.
- Unrealized loss on investment at fair value decreased to \$1,190,194 for the three months ended March 31, 2025, compared to \$2,083,854 for the three months ended March 31, 2024 due to changes in the fair value of the Company's investments.
- During the three months ended March 31, 2025, the Company recorded \$nil on impairment of assets compared to \$8,070,520 for the three months ended March 31, 2024.
- During the three months ended March 31, 2025, the Company derecognized the tax provision of \$3,773,700 recognized in connection with the sale of ICH California in 2019.

A breakdown of general and administrative expenses for the three months ended March 31, 2025, and 2024 is provided below.

Three Months Ended March 31,	2025 (\$)	2024 (\$)	Variance (\$)
Management and administrative services	85,000	115,000	(30,000)
Professional fees (i)	23,515	626,401	(602,886)
Operational expenses (i)	63,489	2,797,029	(2,733,540)
Travel expenses	33,804	373,633	(339,829)
Regulatory fees	3,219	4,630	(1,411)
Share based compensation (ii)	nil	261,749	(261,749)
Interest and penalty	nil	20,839	(20,839)
Depreciation (i)	nil	108,791	(108,791)
Accretion (i)	nil	212,993	(212,993)
Amortization – right of use assets (i)	nil	368,416	(368,416)
	209,027	4,889,481	(4,680,454)

- (i) The decrease in professional fees, operational expenses, depreciation, accretion and amortization – right of use assets in 2025 compared to the 2024 comparable period resulted from the Company's transition to an investment entity in the 2025 period.
- (ii) Share-based compensation decreased by \$261,749 for the 2025 period compared to the 2024 period. During the three months ended March 31, 2024, the Company granted 335,575 stock options compared to nil stock options for the comparable 2025 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

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For the year ended March 31, 2025 compared with the year ended March 31, 2024:

For the year ended March 31, 2025, the Company's net income was \$7,699,693 (\$2.21 per share), compared to net loss of \$16,135,247 (\$4.65 per share) for the year ended March 31, 2024. The increase in net income of \$23,834,940 is a result of the following:

- During the year ended March 31, 2025, the Company recorded a gain on transition to an investment entity of \$6,209,471 compared to \$nil for the year ended March 31, 2024. The Company became an investment entity and recognized Captor Acquisition Group as an investment at fair value.
- Unrealized loss on investment at fair value decreased to \$1,744,488 for the year ended March 31, 2025, compared to \$3,369,456 for the year ended March 31, 2024 due to changes in the fair value of the Company's investments.
- During the year ended March 31, 2025, the Company recorded an impairment of assets of \$nil compared to \$8,070,520 for the year ended March 31, 2024.
- During the year ended March 31, 2025, the Company derecognized the tax provision of \$3,773,700 recognized in connection with the sale of ICH California in 2019.

A breakdown of general and administrative expenses for the year ended March 31, 2025 and 2024 is provided below.

Year Ended March 31,	2025	2024	Variance
	(\$)	(\$)	(\$)
Management and administrative services	420,000	480,000	(60,000)
Professional fees (i)	466,658	1,787,264	(1,320,606)
Operational expenses (i)	209,312	11,551,246	(11,341,934)
Travel expenses	232,088	401,719	(169,631)
Regulatory fees	39,282	34,437	4,845
Share based compensation (ii)	nil	261,749	(261,749)
Interest and penalty	nil	27,299	(27,299)
Depreciation (i)	nil	442,550	(442,550)
Accretion (i)	nil	859,054	(859,054)
Amortization – right of use assets (i)	nil	1,323,411	(1,323,411)
	1,367,340	17,168,729	(15,801,389)

- (i) The decrease in professional fees, operational expenses, depreciation, accretion and amortization – right of use assets in 2025 compared to the 2024 comparable period resulted from the Company's transition to an investment entity in the 2025 period.
- (ii) Share-based compensation decreased by \$261,749 for the 2025 period compared to the 2024 period. During the year ended March 31, 2024, the Company granted 335,575 stock options compared to nil stock options for the comparable 2025 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

Liquidity and Financial Position

As at March 31, 2025, the Company had a cash balance of \$4,927,583 compared to \$12,125,570 as at March 31, 2024. The Company had a working capital of \$14,780,695 as at March 31, 2025, compared to a working capital of \$1,195,205 as at March 31, 2024.

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

During the year ended March 31, 2025, the Company used \$7,170,612 of cash from its operations which included adjustments for non-cash items of \$8,393,439 and movement in working capital items of \$1,157,856. The Company purchased investments at fair value of \$497,146, eliminated cash on transition to an investment entity of \$2,330,829 and advanced loan to investee of \$2,491,035.

As of March 31, 2025, and to the date of this MD&A, the cash resources of the Company are held with select financial institutions in Canada and the United States. At March 31, 2025, the Company's current liabilities consisted primarily of trade payables. Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.

The Company's use of cash at present occurs principally in two areas: the funding of its general and administrative expenditures and acquisition of investments. In connection with the Company's operating and investment activities, the Company will seek to raise capital primarily through the issuance of equity securities. The Company has sufficient capital to meet its ongoing operating and investment activities.

Related Party Transactions

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

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

Fees	Year Ended March 31, 2025 \$	Year Ended March 31, 2024 \$
Kyle Appleby ⁽¹⁾	60,000	60,000
Mark Klein ⁽¹⁾	60,000	60,000
Brady Cobb ⁽¹⁾	80,000	140,000
Alegana Enterprises Ltd. ("Alegana") ⁽²⁾	220,000	220,000
Marrelli Support Services Inc. ("MSSI") ⁽³⁾	106,697	102,665
Share-based compensation	nil	172,214
Totals	526,697	754,879

⁽¹⁾ Fees paid to directors of the Company. Included in accounts payable and accrued liabilities as at March 31, 2025, is \$nil (March 31, 2024 - \$13,175) due to directors of the Company.

⁽²⁾ Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") of the Company. Alegana provides consulting services to the Company for \$220,000 a year under the terms of a written contract that runs for an indefinite term. The consulting fees paid to Alegana are for the function of the President which include, but are not limited to, managing the capital structure and current investment

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portfolio of the Company. Alegana may receive, at the sole discretion of the board of directors, a performance bonus of up to 400% of the annual consulting fee payable by the Company to Alegana.

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

Included in accounts payable and accrued liabilities at March 31, 2025 is \$12,219 (March 31, 2024 - \$12,219) owing to Alegana.

- (3) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSl. The management fees paid to MSSl 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, 2025 is \$13,190 (March 31, 2024 – \$36,905) owing to MSSl. The Company has no ongoing contractual obligation or commitment to MSSl.

Off-Balance-Sheet Arrangements

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

Recent accounting pronouncements

At the date of authorization of these financial statements, certain pronouncements were issued by the IASB and the IFRIC that are effective for annual periods beginning on or after January 1, 2025. Many are not applicable or do not have a significant impact on the Company and have been excluded. The Company has assessed that the adoption of the following amendments will not have any material impact on its financial statements:

IFRS 18 – Presentation and Disclosure of Financial Statement ("IFRS 18")

In April 2024, the IASB issued the new standard of IFRS 18. The standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1 – Presentation of Financial Statements. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The Company is assessing the impacts to ensure that all information complies with the standard.

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IFRS 9 and IFRS 7

In May 2024, the IASB issued narrow scope amendments to IFRS 9 and IFRS 7. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024. The amendments provide clarification that a financial liability is derecognized on the 'settlement date', i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired and provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features and clarify that, for a financial asset to have 'non-recourse' features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test), clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods.

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Captor as at July 28, 2025 are as follows:

Securities	As at July 28, 2025
Common shares outstanding	3,486,932
Stock options outstanding	335,575

Proposed Transactions

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

Critical accounting estimates and judgments

The preparation of the financial statements using accounting policies consistent with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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(i) Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing its 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. Management believes there is sufficient cash resources 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.

(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) Valuation of 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.

(iv) 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.

(v) 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.

(vi) Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. For receivables, the Company applies the simplified approach as permitted by IFRS 9 – Financial Instruments ("IFRS 9"), whereby lifetime ECL are

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recognized based on aging characteristics and credit worthiness of customers and investee companies. Specific provisions may be used where there is information that a specific customer or investee company's ECL has increased.

(vii) 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.

(viii) 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.

(ix) 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.

(x) Valuation of inventory

The provision for obsolescence and the estimated net realizable value.

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, 2025 totaled \$14,780,695 (2024 - \$5,570,899). 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, 2025.

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, amounts receivable and loans to investees. Cash and cash equivalents are held with reputable financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents is minimal.

The Company's second exposure to credit risk is on amounts receivable and loans to investees. At each reporting period, management assesses the credit risk of its receivables and loans. Where collection risk may exist, the Company may record an allowance for ECL. During the year ended March 31, 2025, an ECL of \$266,019 was recorded on loans to investees (2024 – no allowance for ECL).

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 manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may dispose of certain of its investments for cash or pursue various debt and equity instruments for short or long-term financing of its operations.

As at March 31, 2025, the Company had cash and cash equivalents of \$4,927,583 (2024 - \$12,125,570) to settle current liabilities of \$449,119 (2024 - \$19,457,240). 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.

The Company has the following contractual obligations as of March 31, 2025:

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 449,119	\$ -	\$ -	\$ -	\$ 449,119
	\$ 449,119	\$ -	\$ -	\$ -	\$ 449,119

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The Company has the following contractual obligations as of March 31, 2024:

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 9,679,509	\$ -	\$ -	\$ -	\$ 9,679,509
Lease liabilities	1,031,914	2,372,235	2,699,876	610,987	6,715,012
	\$ 10,711,423	\$ 2,372,235	\$ 2,699,876	\$ 610,987	\$ 16,394,521

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 minimal.

(ii) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in disposal of investments at less than favorable prices. 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 \$171,000.

(iii) 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.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, accounts receivable, loans to investees and accounts payable and accrued liabilities that are denominated in United States dollars. As at March 31, 2025, 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, 2025 would have varied by approximately \$185,000.

Cautionary Note Regarding Forward-Looking Information

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

- the Company’s strategy;
- the Company’s expectations with respect to investment operations;
- the Company’s expectations regarding the reliability of independent sources of market and industry data;
- the Company’s liquidity needs, including its ability to source its liquidity requirements;
- the sufficiency of the Company’s capital resources;
- risks associated with financial instruments and the methods by which the Company manages such risks;
- the Company’s expectations regarding its shareholders, including maximizing shareholder value;
- the Company’s expectations with respect to its future financial results, and terms of strategic initiatives and strategic agreements;
- the Company’s expectations with respect to its business activities and future financial and operating performance, including with respect to its investments;
- the Company’s expectations with respect to the business activities, products, and future financial and operating performance of its investees;
- the Company’s expectations regarding its ability to strengthen its financial position with future equity or debt financings, the divestment of certain investments, or other liquidity events;
- the management of the Company’s portfolio, including its growth, optimization, and capital allocation;
- the business, revenue, results and future activities of, and developments related to, the Company after the date of this MD&A;
- future business strategy, competitive strengths, goals, future expansion and growth of the Company’s business and operations;
- the Company’s exposure to risks related to the cannabis industry;
- statements that imply or suggest that returns may be experienced by investors or the level thereof;
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and
- other events or conditions that may occur in the future.

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

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

- the Company’s ability to implement its operational and liquidity strategies as well as its strategic initiatives;
- the Company’s competitive advantages;
- changes in laws, rules and regulations;

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- the ability to raise sufficient capital to advance the business of the Company and to fund planned operating and capital expenditures and acquisitions;
- the ability to manage anticipated and unanticipated costs;
- achieving the anticipated results of the Company's strategic plans;
- favorable equity and debt capital markets;
- the availability of future funding under the Company's equity and debt finance facilities;
- stability in financial and capital markets;
- the ability to sustain negative operating cash flows until profitability is achieved;
- the ability to satisfy operational and financial covenants under the Company's existing debt obligations;
- favorable operating and economic conditions; and
- political and regulatory stability.

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

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

- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks;
- poor investment performance;
- failure to continue to retain and attract quality staff;
- failure of the Company to meet its demand for cash obligations as they come due;
- changes in the investment management industry;
- lack of investment opportunities;
- risks related to regulatory compliance;
- failure to manage risks appropriately;
- corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources;
- foreign exchange risk relating to the relative value of the U.S. dollar;
- historical financial information being not necessarily indicative of future performance;
- risks relating to the Company's investments;
- reliance on the expertise and judgment of senior management of the Company;
- adverse changes in public opinion and perception of the cannabis industry;
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties);
- the limited operating history of the Company;
- costs associated with the Company being a publicly traded company;
- the dilutive impact of raising additional financing through equity or convertible debt given the decline in the Company's share price;
- increasing competition in the cannabis industry;
- legal and regulatory risks inherent in the cannabis industry;
- risks related to the economy generally;
- conflicts of interest of management and directors;
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties;
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect

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- service outside of Canada;
- sales by existing shareholders negatively impacting market prices;
- the limited market for securities of the Company; and
- limited research and data relating to cannabis.

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

The forward-looking information and statements contained in this MD&A speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any forward-looking information and statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Disclosure Controls

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

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

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

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

Risks and Uncertainties

Commercial cannabis activity and business involves a high degree of risk. In addition to the other information included in this report, you should consider carefully the following factors which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are factors that affect our business and our results of operations, some of which are beyond our control. As a result, the securities of the Company must be considered speculative. A prospective investor in the Company should carefully consider the following factors:

U.S. Federal Cannabis Illegality

In the US, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 44 states, plus the District of Columbia, Puerto Rico and Guam, have legalized some form of cannabis for medical use. 19 of those states, including California, and Washington D.C., have legalized cannabis for adult-use. Notwithstanding the permissive regulatory environment of cannabis at the state level, the Federal Controlled Substances Act (the "FCSA") makes it illegal under federal law to cultivate, manufacture, distribute, sell, or dispense cannabis. 21 U.S.C § 801, et seq. Cannabis is categorized as a Schedule I controlled substance under the FCSA and as such, violates federal law in the US. Companies that engage in any form of commerce in the cannabis industry and individuals investing in a cannabis business may be subject to federal criminal prosecution along with civil fines and penalties. Federal enforcement could lead to dissolution, asset forfeiture and total loss of investment. Thus, enforcement of relevant laws is a significant risk. See additional discussion of U.S. Federal illegality in the section below *Canadian Companies with U.S. Cannabis-Related Operations*.

Marketability of Investments

There is no assurance that the investment objectives of the Company will actually be achieved. The value of the shares of the Company will increase or decrease with the value of its investment portfolio and general economic conditions beyond the control of the Company's management, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors.

Lack of Liquidity

Due to market conditions beyond its control, including investor demand, resale restrictions, general market trends and regulatory restrictions, the Company may not be able to liquidate investments without a listed market for their securities, when it would otherwise desire to do so in order to operate in accordance with its investment policy and strategy. Such lack of liquidity could have a material adverse effect on the value of the Company's investments and, consequently, the value of the shares of the Company.

Reliance on the board of directors

Shareholders will be required to rely on the business judgment, expertise and integrity of the directors and officers of the Company. The Company must rely substantially upon the knowledge and expertise of its directors and officers in entering into any investment agreement or investment arrangements and in determining the composition of the Company's investment portfolio. The death or disability of any of the Company's directors and officers could adversely affect the ability of the Company to achieve its objectives. The success of the Company will be dependent upon management, the board successfully identifying and managing the Company's investments.

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Trading Price of Common Shares Relative to Net Asset Value

The Company is neither a mutual fund nor an investment fund and due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of its common shares, at any time, may vary significantly from the Company's net asset value per share. This risk is separate and distinct from the risk that the market price of the common shares may decrease.

Competitive Risks

The Company faces competition from other capital providers, all of which compete for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its investment policy and strategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its investment policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will disclose the conflict of interest.

Volatile global financial and economic conditions

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continues, the Company's operations and financial condition could be adversely impacted.

Private Issuers and Illiquid Securities

The Company may invest in securities of private companies, illiquid securities of public companies and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Company and there is no assurance that an adequate market will exist for investments made by the Company. Many of the cannabis investments made by the Company may be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by the Company or other investors.

Volatility of Stock Price

The market price of the common shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the common shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to

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enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

Portfolio exposure

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Company's portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which Captor invests. The Company's investment activities are currently concentrated primarily in the cannabis industry. There are various factors that could have a negative impact on Captor's portfolio companies and thereby have an adverse effect on our business. Macro factors such as global political, economic and market conditions could have an adverse effect on one or more sectors to which the Company is exposed, thereby negatively impacting one or more of the portfolio companies concurrently. Company-specific risks could have an adverse effect on one or more of the Company's portfolio companies at any point in time. Company specific and industry-specific risks which materially adversely affect Captor's portfolio investments may have a materially adverse impact on our operating results.

Share Price of Investments

Captor's investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject securities could be subject to wide fluctuations in response to various factors beyond the control of the Company, including quarterly variations in the subject entities' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments and significantly negatively impact upon the Company's operating results.

Access to Capital/Liquidity

Captor anticipates ongoing requirements for funds to support the Company's growth and may seek to obtain additional funds for these purposes through public or private equity shares financing. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its investment portfolio. The Company will need to finance our ongoing working capital requirements through portfolio dispositions and external sources of capital, both of which are dependent upon certain factors outside of our control. There can be no assurance that we will be able to generate sufficient cash to fund our operations and satisfy our commitments, and the failure to do so will have a material adverse effect on our operations.

Non-controlling Interests

Captor's investments include debt instruments and equity securities of companies that Captor does not control. These instruments and securities may be acquired in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree, or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that

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does not serve Captor's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Business Strategy and Growth-Related Risk

The Company maintains a diversified investment portfolio across multiple industry segments through strategic capital deployment using various financial instruments measured at fair value. The Company's shift in business strategy has required and will continue to require the Company to implement and improve its operational and financial systems and to train and manage its employee base, which could place a significant strain on the Company's management, operations, financial resources and internal financial control and reporting functions. There can be no assurance that the Company will be able to respond adequately or quickly enough to the changing demands that the shift in strategy will impose on management, employees and existing infrastructure. Changes to the operating structure of the Company may result in increased costs or inefficiencies that cannot be anticipated. As a result, the shift in business strategy may be less successful than expected or may take longer to implement and reach expected profit levels, or may never do so, thereby affecting the Company's overall growth and profitability.

Risks associated with being an Investment Company

All or substantially all of the Company's assets are comprised of cash or cash equivalents and its investments in the investees. Consequently, the Company's cash flows and ability to complete current or desirable future opportunities are dependent on the earnings of its investees. The Company may not be directly involved in the ownership or operation of and may have no or limited contractual rights relating to the operations of its investees. The investees will generally have the power to determine the manner in which their businesses are developed, expanded and operated. The interests of the Company and the investees may not always be aligned. As a result, there is a risk that at any time those investees may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend an investee's ability to perform its obligations under agreements with the Company.

Dividend Policy

The declaration, timing, amount and payment of dividends are at the discretion of the board and will depend upon the Company's future earnings, cash flows, investment capital requirements and financial condition, and other relevant factors. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis, or at all. The Company has no plans to pay any dividends, now or in the near future.

Enforcement of Judgements Against Non-Canadian Directors and Officers

A number of our directors and officers reside outside of Canada. As a result, it may be difficult, or in some cases not possible, for investors to enforce their legal rights or to enforce judgments of Canadian courts predicated upon civil liabilities under securities laws and/or criminal penalties against any person that resides or is otherwise organized outside of Canada even if the party has appointed an agent for service of process.

Risks relating to digital assets

Cryptocurrencies, such as bitcoin, and the other types of digital assets in which we invest and trade involve a new and rapidly evolving industry of which blockchain technology is a prominent, but not unique, part. The growth of the digital asset industry in general is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry include:

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- continued worldwide growth in the adoption and use of digital assets;
- the limited operating histories of many cryptocurrency networks, which have not been validated in production and are still in the process of developing and making significant decisions that will affect the design, supply, issuance, functionality, and governance of their respective digital assets and underlying blockchain networks;
- government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access;
- the taxation, and tax-related reporting, of transactions involving digital assets by the United States and other jurisdictions;
- the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets;
- advancements in technology, including computing power, that may adversely affect the respective cryptocurrency networks;
- the use of the networks supporting digital assets for developing smart contracts and distributed applications;
- development of new technologies for mining and staking and the rewards and transaction fees for miners or validators on digital asset networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and
- general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Bitcoin, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

The prices of digital assets are extraordinarily volatile

Values of digital assets have historically been highly volatile. The value of cryptocurrencies is based in part on market adoption and future expectations, which may or may not be realized. Fluctuations in the price of various cryptocurrencies may cause uncertainty in the market and could negatively impact trading volumes of cryptocurrencies, which would adversely affect the success of our business, financial condition and results of operations. A decline in digital assets that we hold would negatively impact our financial position. A significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Canadian Companies with U.S. Cannabis-Related Operations

Effective April 1, 2024, the Company believes that it is subjected to certain risks and relating to its investment in Captor Acquisition Corp. ("CAC") "US Cannabis-Related Company. The Company makes the following disclosures necessary to fairly present all material facts, risks and uncertainties:

Nature of the Company Involvement in the U.S. Cannabis Industry

The Company has cannabis investments in the state of California with licenses for commercial cannabis manufacturing, distribution, and retail (for more information on the Company's current and intended future operations, please see the "Description of Business" section above). The Company is currently engaged in commercial cannabis activities in the state of California and is therefore considered as having U.S. marijuana-related activities with direct involvement in the retail of cannabis.

Cannabis Illegality

In the US, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 44 states, plus the District of Columbia, Puerto Rico and Guam, which allow their residents to use medical cannabis. 19 of those states, including California, and Washington D.C., have legalized cannabis for adult-use. Notwithstanding the permissive regulatory environment of cannabis at the state level, the Federal Controlled Substances Act (the "FCSA") makes it illegal under federal law to cultivate, manufacture, distribute, sell, or dispense cannabis. 21 U.S.C § 801, et seq. Cannabis is categorized as a Schedule I controlled substance under the FCSA and as such, violates federal law in the US. Companies that engage in any form of commerce in the cannabis industry and individuals investing in a cannabis business may be subject to federal criminal prosecution along with civil fines and penalties. Federal enforcement could lead to dissolution, asset forfeiture and total loss of investment. Thus, enforcement of relevant laws is a significant risk.

Guidance from Federal Authorities

The US Supreme Court has ruled in a number of cases that the federal government does not violate the federal constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of cannabis pre-empts state laws that legalizes its use for medicinal and adult-use purposes.

As a result of the conflicting views between state legislatures and the US federal government regarding cannabis, investments in cannabis businesses in the US are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013, when then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") addressed to all US district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the US, several US states have enacted laws relating to cannabis for medical purposes, as may be supplemented or amended indicating that federal enforcement of the applicable federal laws against cannabis-related conduct should be focused on eight priorities, which are to prevent:

- (1) Distribution of cannabis to minors;
- (2) Criminal enterprises, gangs and cartels from receiving revenue from the sale of cannabis;
- (3) Transfer of cannabis from States where it is legal to States where it is illegal;
- (4) Cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity;
- (5) Violence or use of firearms in cannabis cultivation and distribution;
- (6) Drugged driving and adverse public health consequences from cannabis use;
- (7) Growth of cannabis on federal lands; and
- (8) Cannabis possession or use on federal property.

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The Cole Memorandum outlined certain priorities for the US Department of Justice (the "DOJ") relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that, in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

The DOJ has issued official guidance regarding cannabis enforcement in 2009, 2011, 2013, 2014 and 2018 in response to state laws that legalize medical and adult-use cannabis. In each instance, the DOJ has stated that it is committed to the enforcement of federal laws and regulations related to cannabis. However, the DOJ has also recognized that its investigative and prosecutorial resources are limited. As of January 4, 2018, the DOJ has rescinded all federal enforcement guidance specific to cannabis and has instead directed that federal prosecutors should follow the "Principles of Federal Prosecution" originally set forth in 1980 and subsequently refined over time in chapter 9-27.000 of the US Attorney's Manual creating broader discretion for federal prosecutors to potentially prosecute state-legal medical and adult-use cannabis businesses even if they are not engaged in cannabis-related conduct enumerated by the Cole Memorandum, the memorandum dated August 29, 2013, as being an enforcement priority.

On January 4, 2018, former Attorney General Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of US Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principals are included in chapter 9.27.000 of the US Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis is currently protected against enforcement by enacted legislation from US Congress in the form of the Rohrabacher-Blumenauer Amendment, which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding.

Due to the ambiguity of the Sessions Memorandum in relation to medical cannabis, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Company or third-parties, and also divert the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company. As the Sessions Memorandum demonstrates, the US approach to enforcement of cannabis violations of the FCSA can change at any time. However, there does exist a federal legislative safeguard for the medical commercial cannabis businesses that are compliant with the respective state cannabis laws and regulations. This legislative safeguard is the Rohrabacher-Blumenauer Amendment to the budget bills that have been passed by Congress in fiscal years 2015, 2016, 2017, 2018, 2019, and most recently in December 2019 for the 2020 fiscal year. The 2020 Consolidated Appropriations Act (H.R. 1158) prohibits the DOJ from using

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federal funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. The amendment applies to medical cannabis but not recreational cannabis and does not change the designation of cannabis as a Schedule I controlled substance under the FCSA.

While there are no explicit federal protections for adult-use commercial cannabis activity, on April 11, 2018, president, Donald Trump made a verbal commitment to Republican Senator, Cory Gardner, to not interfere with the Colorado cannabis industry. Further, Senator Gardner stated, "President Trump has assured me that he will support a federalism-based legislative solution to fix this states' rights issue once and for all." At this time, such bipartisan legislation has not yet been finalized, but Senate Garner went on to say, "[m]y colleagues and I are continuing to work diligently on a bipartisan legislative solution that can pass Congress and head to the President's desk to deliver on his campaign position." The Company was pleased to see reports that president, Donald Trump promised top Senate Republicans that the administration would support congressional efforts to protect states that have legalized cannabis. The Company is cautiously optimistic that the foregoing represents a clear and positive sign that the industry is shifting towards a climate where cannabis users and business can participate in the industry without fear of interference from the federal government.

While cannabis remains illegal at the federal level, there have been recent developments relevant to the federal government taking a position that respects states' rights to legalize and regulate commercial cannabis and refrain from prosecuting commercial cannabis businesses. Senator Gardner and Senator Elizabeth Warren have introduced federal legislation that would bar the federal government from interfering with any state-approved cannabis legalization and permit cannabis businesses to use the federal banking system.

On June 8, 2018, president, Donald Trump was asked about the bill in an interview and replied, "we're looking at it. But I probably will end up supporting that, yes." Such a bill would effectively prevent the federal government from taking any action that interferes with legal commercial cannabis businesses in California.

On November 7, 2018, former Attorney General Sessions resigned after the US Mid-Term Elections. From the Mid-Term Elections, US voters delivered a split verdict for Congress, as the Democrats secured a majority in the House of Representatives (the "House") while the Republicans expanded their majority in the Senate. With the Democrats taking back control of the House, there may be opportunity for bi-partisanship on a number of issues including the Strengthening the Tenth Amendment Through Entrusting States Act, S. 3032 ("STATES Act"), which would protect individuals working in cannabis sectors from federal prosecution. The STATES Act was introduced in June 2018 through bi-partisan efforts initiated by Senator Gardner together with Senator Warren. Senator Warren won re-election which ensures she will push the change to federal law regarding cannabis. In addition, constituents of Michigan voted to legalize adult-use cannabis, making Michigan the first state in the Midwest to do so and the 10th in the US overall demonstrating growing sentiment amongst Americans towards legalization. Voters in Missouri and Utah approved ballot measures legalizing cannabis for medical use, making their states the 31st and 32nd to do so.

Although Jeff Sessions was replaced with William Barr by president, Donald Trump, there is still very little clarity as to how the federal government intends to enforce federal law or how they will deal with states that have legalized medical or recreational cannabis. There is no guarantee that the current presidential administration will not change its policy regarding the low-priority enforcement of US federal laws that conflict with State laws. Additionally, any new US federal government administration that follows could change this policy and decide to enforce the US federal law vigorously. Any such change in the US federal government's enforcement of current US federal law could cause adverse financial impact and remain a significant risk to the Company's businesses.

On December 20, 2018, the 2018 Farm Bill was signed by president, Donald Trump, and it permanently removed hemp and hemp derivatives such as CBD from the purview of the FCSA. Prior to its enactment, the 2014 Farm Bill allowed industrial hemp to be cultivated under agricultural pilot programs conducted by state departments of agriculture and institutions of higher education. Under federal law, hemp is to be treated as an

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agricultural commodity, and the regulation of hemp products, including those containing CBD, will be enforced by the FDA under the Federal Food, Drug, and Cosmetic Act of 1938. As of this date, federal authorities have not set regulations that govern the manufacturing, advertising, or sale of hemp products. However, the FDA has issued statements that declare that CBD products intended for human or pet consumption are illegal. The FDA's position is that consumable CBD products, whether cannabis or hemp-derived, are untested "new drugs" and, thus are illegal for consumption until FDA approval. However, the FDA is taking strides to legalize consumable CBD products. On May 31, 2019, the FDA held the first stakeholder hearing to discuss the pathway to the potential legalization of consumable CBD products.

Enforceability of Contracts

Since cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Company will be able to legally enforce its material agreements.