

# **PesoRama Inc.**

(Formerly Skyscape Capital Inc.)

## **Amended Interim Condensed Consolidated Financial Statements**

**For the three months ended April 30, 2022 and April 30, 2021**

(Expressed in Canadian dollars)

(Unaudited)

### **Notice to Reader**

The unaudited interim condensed consolidated financial statements for the three months ended April 30, 2022 and April 30, 2021 have been re-filed to include changes to the interim condensed consolidated statement of financial position, interim condensed consolidated statements of loss and comprehensive loss, interim condensed consolidated statements of changes in shareholders' equity and interim condensed consolidated statements of cash flows due to adjustments in balances of inventory, prepaids and other receivables, taxes receivable, payables and equity balances, as well as, adjustment in cost of sales, general and administrative and other expenses. In addition, the amended financial statements include a subsequent note for the event that occurred prior to re-filing of these financial statements. All related note disclosures were updated to include revised balances. Apart from the aforementioned changes, no other changes were made to the information presented in the document.

**PESORAMA INC.****Interim Condensed Consolidated Statements of Financial Position***(Unaudited, expressed in Canadian dollars)***April 30, 2022****January 31, 2022****ASSETS****Current assets**

Cash and cash equivalents	4,990,925	891,030
Restricted Cash	-	5,335,170
Taxes receivable (Note 5)	781,670	729,133
Deposits to suppliers	171,976	172,774
Prepaid expenses and other receivables	29,484	99,090
Inventory (Note 4)	3,273,981	2,527,650
<b>Total current assets</b>	<b>9,248,036</b>	<b>9,754,847</b>

**Non-current assets**

Property and equipment (Note 6)	4,824,024	3,972,252
Intangible assets (Note 7)	4,978	6,673
Security deposits	175,917	150,686
Right-of-use assets (Note 8)	4,154,404	3,905,930
<b>Total non-current assets</b>	<b>9,159,323</b>	<b>8,035,541</b>

<b>Total assets</b>	<b>18,407,359</b>	<b>17,790,388</b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY****Current liabilities**

Accounts payable and accrued liabilities	4,026,261	5,136,724
Subscription Receipts	-	5,311,322
Current portion of lease liabilities (Note 8)	1,084,001	1,053,016
<b>Total current liabilities</b>	<b>5,110,262</b>	<b>11,501,062</b>

**Non-current liabilities**

Lease liabilities (Note 8)	3,986,716	3,749,199
Convertible debentures (Note 9)	-	6,017,477
Derivative financial instrument (Note 9)	-	1,280,082
<b>Total non-current liabilities</b>	<b>3,986,716</b>	<b>11,046,758</b>

<b>Total liabilities</b>	<b>9,096,978</b>	<b>22,547,820</b>
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**Shareholders' Equity**

Share capital (Note 10)	33,875,033	17,507,813
Warrants reserve (Note 11)	4,068,339	588,684
Share-based compensation reserve (Note 12)	667,708	223,483
Accumulated other comprehensive loss	(97,518)	(182,664)
Deficit	(29,203,181)	(22,894,748)
<b>Total shareholders' equity</b>	<b>9,310,381</b>	<b>(4,757,432)</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,407,359</b>	<b>17,790,388</b>

Nature of operations (Note 1)

Commitments and contingencies (Note 16)

*See accompanying notes to the interim condensed consolidated financial statements.*

**PESORAMA INC.****Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**

For the three months ended April 30

<i>(Unaudited, expressed in Canadian dollars)</i>	<b>2022</b>	<b>2021</b>
Sales	2,247,273	1,658,907
Cost of sales		
Inventory expensed (Note 4)	1,560,674	897,150
Distribution costs	324,977	247,480
<b>Gross profit</b>	<b>361,622</b>	<b>514,277</b>
General, administrative, and store operating expenses (Note 15)	2,063,104	1,382,234
Depreciation and amortization (Note 15)	577,960	544,978
<b>Operating loss</b>	<b>(2,279,442)</b>	<b>(1,412,935)</b>
Financing costs (Note 15)	86,054	334,895
Listing expense (Note 3)	3,730,224	-
Other items (Note 15)	212,713	(31,082)
<b>Net loss</b>	<b>(6,308,433)</b>	<b>(1,716,748)</b>
Currency translation adjustment	85,146	(333,028)
<b>Net comprehensive loss</b>	<b>(6,223,287)</b>	<b>(2,049,776)</b>
Basic and diluted loss per share	(0.09)	(0.04)
Weighted average number of common shares outstanding - basic and diluted	69,992,506	47,239,143

*See accompanying notes to the interim condensed consolidated financial statements.*

**PESORAMA INC.**

**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**

*(Unaudited, expressed in Canadian dollars)*

	Number of Common Shares (Note 10)	Share capital (Note 10)	Warrants reserve (Note 11)	SBC reserve <sup>(1)</sup> (Note 12)	AOCL <sup>(2)</sup>	Deficit	Total
Balance at January 31, 2022	49,643,211	17,507,813	588,684	223,483	(182,664)	(22,894,748)	(4,757,432)
Shares issued pursuant to the RTO Transaction	2,000,000	1,600,000	-	-	-	-	1,600,000
Stock options issued pursuant to the RTO Transaction	-	-	-	73,492	-	-	73,492
Shares issued for subscription receipts	10,035,170	7,495,564	-	-	-	-	7,495,564
Warrants issued for subscription receipts	-	-	1,950,717	-	-	-	1,950,717
Agent warrants issued pursuant to subscription receipt financing	-	-	-	-	-	-	-
Shares issued for structuring fee	1,750,000	1,400,000	-	-	-	-	1,400,000
Issuance of shares for the conversion of the convertible debentures	8,499,858	5,866,656	-	-	-	-	5,866,656
Issuance of warrants for the conversion of the convertible debentures	-	-	1,463,377	-	-	-	1,463,377
Exercise of milestone warrants	100,000	5,000	-	-	-	-	5,000
Warrants issued for over-allotment option	-	-	65,561	-	-	-	65,561
Share-based compensation	-	-	-	370,733	-	-	370,733
Cumulative translation adjustment of foreign operations	-	-	-	-	85,146	-	85,146
Net loss for the period	-	-	-	-	-	(6,308,433)	(6,308,433)
<b>Balance at April 30, 2022</b>	<b>72,028,239</b>	<b>33,875,033</b>	<b>4,068,339</b>	<b>667,708</b>	<b>(97,518)</b>	<b>(29,203,181)</b>	<b>9,310,381</b>

Balance at January 31, 2021	47,139,610	17,447,504	513,028	223,483	(7,382)	(11,821,934)	6,354,699
Exercise of broker warrants	28,601	22,309	(858)	-	-	-	21,451
Exercise of share purchase warrants	475,000	23,750	-	-	-	-	23,750
Issuance of subscriber warrants associated with convertible debentures	-	-	22,579	-	-	-	22,579
Issuance of finders warrants associated with convertible debentures	-	-	101,055	-	-	-	101,055
Cumulative translation adjustment of foreign operations	-	-	-	-	(333,028)	-	(333,028)
Net loss for the period	-	-	-	-	-	(1,716,748)	(1,716,748)
<b>Balance at April 30, 2021</b>	<b>47,643,211</b>	<b>17,493,563</b>	<b>635,804</b>	<b>223,483</b>	<b>(340,410)</b>	<b>(13,538,682)</b>	<b>4,473,758</b>

*(1) Share-based compensation reserve*

*(2) Accumulated other comprehensive loss*

*See accompanying notes to the interim condensed consolidated financial statements.*

**PESORAMA INC.****Interim Condensed Consolidated Statements of Cash Flows**

For the three months ended April 30

*(Unaudited, expressed in Canadian dollars)*

	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Net loss	(6,308,433)	(1,716,748)
Adjustments for items not affecting cash:		
Depreciation and amortization (Note 6 and 7)	280,690	252,359
Depreciation, right-of-use assets (Note 8)	297,270	292,619
Share-based compensation (Note 12)	370,733	-
Interest on lease liabilities (Note 8)	142,400	137,095
Interest on convertible debentures (Note 9)	14,427	82,524
Accretion on convertible debentures (Note 9)	18,048	107,723
Non-cash portion of listing expense (Note 3)	3,697,074	-
Changes in non-cash working capital items		
Taxes receivable (Note 5)	(38,944)	(261,022)
Deposits to suppliers	4,261	(116,262)
Prepaid expenses and other receivables	70,869	(15,197)
Inventory (Note 4)	(687,833)	(50,446)
Security deposits	(21,942)	-
Accounts payable and accrued liabilities	(1,823,503)	289,869
<b>Cash used in operating activities</b>	<b>(3,984,883)</b>	<b>(997,486)</b>
<b>Investing Activities</b>		
Purchase of property and equipment (Note 6)	(1,041,370)	(988,531)
Purchase of intangible assets (Note 7)	(912)	(13,758)
Cash acquired from RTO Transaction (Note 3)	10,064	-
<b>Cash used in investing activities</b>	<b>(1,032,218)</b>	<b>(1,002,289)</b>
<b>Financing Activities</b>		
Proceeds received from issuance of shares from Offering units (Note 10)	3,760,000	-
Share issuance costs (Note 10)	(450,676)	-
Proceeds received from issuance of warrants from Offering units (Note 11)	940,000	-
Proceeds received from issuance of over-allotment warrants (Note 11)	70,500	-
Warrant issuance costs (Note 11)	(119,304)	-
Options, milestone warrants, and performance warrants exercised (Note 10)	5,000	23,750
Agents and finders warrants exercised	-	21,451
Proceeds received for debentures issued (Note 9)	-	5,542,000
Debenture issuance costs (cash) (Note 9)	-	(446,255)
Lease payments (Note 8)	(437,853)	(343,564)
<b>Cash provided by financing activities</b>	<b>3,767,667</b>	<b>4,797,382</b>
Cash and restricted cash, beginning of period	6,226,200	642,402
Effect of foreign currency translation on cash	14,159	(159,797)
Net increase (decrease) in cash	(1,249,434)	2,797,607
<b>Cash and restricted cash, end of period</b>	<b>4,990,925</b>	<b>3,280,212</b>

See accompanying notes to the interim condensed consolidated financial statements.

## 1. NATURE OF OPERATIONS

PesoRama Inc. (the “Company” or “PesoRama”), which formerly operated under the name Skyscape Capital Inc. (“Skyscape”) was incorporated on January 9, 2018, under the Business Corporations Act (Ontario).

On February 8, 2022, the Company completed a transaction whereby Skyscape acquired all of the issued and outstanding common shares of a private entity, incorporated in Canada, also known as PesoRama Inc. (“Old PesoRama” or the “Private Company”), which was subsequently amalgamated with a wholly-owned subsidiary of Skyscape to become PesoRama Holdings Inc. (“PesoRama Holdings”). The transaction constituted a reverse asset acquisition in accordance with International Financial Reporting Standards (“IFRS”), whereby the shareholders of Old PesoRama took control of Skyscape (the “RTO Transaction” or “RTO”). Pursuant to the RTO Transaction, Skyscape changed its name to PesoRama Inc. See Note 3 for further details.

Through PesoRama’s wholly-owned subsidiaries, Canmex Dollar Stores, S.A. de C.V. (“Canmex”), Joi Canadian Stores, S.A. de C.V. (“Joi”), and Pesorama Consulting Services, S.A. de C.V. (“Pesorama Consulting”), the Company operates discount retail stores in Mexico, under the JOi Canadian Stores brand, offering consumers a high variety of products with focus on the single price point segment of the retail market.

References within these interim condensed consolidated financial statements to the “Company” or “PesoRama” for periods, dates and/or transactions prior to the RTO Transaction are in reference to Old PesoRama, as the corporate entity of interest pre-RTO Transaction. Alternatively, references within these financial statements to the “Company” or “PesoRama” for periods, dates and/or transactions subsequent to the RTO Transaction are in reference to PesoRama (formerly Skyscape), as the corporate entity of interest post-RTO Transaction. The comparative periods reflected in these interim condensed consolidated financial statements are those of the Private Company, as the financials are a continuance of Old PesoRama. The Company’s registered office is located at 77 King Street West, Suite 700, Toronto, ON, M5K 1G8. The common shares of the Company are listed on the TSX Venture Exchange (“TSXV”) under the symbol “PESO”.

### ***Going concern***

These interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the three months ended April 30, 2022, the Company incurred a net loss of \$6.3 million (April 30, 2021 - \$1.6 million), retained deficit of \$29.2 million (April 30, 2021 - \$22.9 million) and used \$4 million of cash in operating activities (April 30, 2021 - used \$0.9 million). As at April 30, 2022, the Company had working capital of \$4.1 million. The Company will need to raise additional financing to continue operations and fund its expansion strategy consisting of opening additional stores during the foreseeable future. In addition, management understands that the current economic conditions are impacted by the global outbreak of COVID-19.

Although the Company has been successful in the past in obtaining financing and believes that it will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern. No adjustments have been made to the amounts and classification of assets, liabilities, revenues, and expenses to reflect these uncertainties, should the Company not be successful in raising additional funds, and any adjustments required to the accounts could be material.

Management believes that the going concern assumption is appropriate for these interim condensed consolidated financial statements and that the Company will be able to meet its budgeted capital and administrative costs as well as other potential commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in either its operating or financing endeavors.

## **2. BASIS OF PRESENTATION**

### ***Statement of compliance***

The unaudited interim condensed consolidated financial statements of the Company have been prepared under International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These unaudited interim condensed consolidated financial statements follow the same accounting policies and method of computation as the Company's annual audited consolidated financial statements for the year ended January 31, 2022, except for certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended January 31, 2022. These amended unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 22, 2022.

### ***Basis of measurement***

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

### ***Functional and presentation currency***

These interim condensed consolidated financial statements are presented in Canadian dollars. The Company's functional currency and that of its Canadian subsidiary is the Canadian dollar while each of its subsidiaries in Mexico has a Mexican peso functional currency, which is the primary economic environment in which each subsidiary operates.

***Use of judgements, estimates and assumptions***

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates, and assumptions applied in these interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's audited annual consolidated financial statements for the year ended January 31, 2022, with the exception of additional estimates and assumptions applied in connection with the Reverse takeover transaction (Note 3), convertible debentures (Note 9) and derivative financial instrument (Note 9).

***Significant accounting policies***

The Company's significant accounting policies can be read in Note 3 to the Company's annual audited consolidated financial statements for the year ended January 31, 2022.

**3. REVERSE TAKEOVER TRANSACTION ("RTO")**

On February 8, 2022 (the "RTO Date"), Skyscape completed the RTO Transaction to acquire all of the issued and outstanding common shares of Old PesoRama. In connection with the RTO Transaction, Skyscape changed its name to PesoRama Inc. The RTO served as Skyscape's qualifying transaction under Exchange Policy 2.4 – Capital Pool Companies.

The RTO Transaction constituted a reverse asset acquisition of PesoRama (formerly Skyscape) by Old PesoRama rather than a business combination as the Company (then being Skyscape) did not meet the definition of a "business", in accordance with IFRS 3, with Skyscape's main attribute being its public listing. The RTO Transaction has been measured at the fair value of the common shares and options that are deemed to have been issued to the Company (formerly Skyscape)'s historical shareholders. Accordingly, the RTO Transaction has been recorded in these interim condensed consolidated financial statements using a basis of accounting as summarized below:

- a) The historical equity of the Company (formerly Skyscape) has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in net loss during the period ended April 30, 2022;

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- b) The accumulated deficit and other equity balances presented in these interim condensed consolidated financial statements are those of Old PesoRama and include issued equity interests to the Company (formerly Skyscape)'s historical shareholders ;
- c) The assets and liabilities of Old PesoRama are included in these interim condensed consolidated financial statements on a pre-transaction basis of accounting;
- d) The net assets of the Company (formerly Skyscape) were measured at their estimated fair value on the RTO Date; and
- e) Comparative information presented in these interim condensed consolidated financial statements is that of Old PesoRama.

Under this basis of accounting, as consideration for 100% of the outstanding common shares of the Company (formerly Skyscape) by way of reverse acquisition, the Private Company issued 2,000,000 common shares to the shareholders of the Company (formerly Skyscape) and 200,000 stock options to replace the Company's (formerly Skyscape) stock options. The common shares were assigned a value of \$0.80 per share (derived from previous offerings of units of Old Pesorama done in conjunction with the RTO) and the stock options were assigned a value of \$0.3675 per option based on a Black-Scholes valuation, for total consideration of \$1,673,492 before transaction costs. The consideration has been allocated first to the fair value of the net assets acquired, with any excess to a non-cash listing expense as follows:

<b>Consideration</b>	
2,000,000 shares at a value of \$0.80 per share	1,600,000
200,000 stock options at a value of \$0.3675 per option	73,492
<b>Total Consideration</b>	<b>1,673,492</b>
<b>Net assets (liabilities)</b>	
Cash and cash equivalents	10,064
Accounts payable <sup>(2)</sup>	(633,646)
<b>Total net assets (liabilities) acquired at fair value</b>	<b>(623,582)</b>
Excess attributed to the cost of listing	<b>2,297,074</b>
<b>Transaction costs related to the RTO</b>	
Legal and other professional fees <sup>(1)</sup>	1,433,150
<b>Listing Expense</b>	<b>3,730,224</b>

(1) Transaction costs consist of \$33,150 of legal costs and a \$1,400,000 structuring fee which was paid in common shares as described in Note 10.

(2) As of the date of the RTO, \$600,000 of the accounts payable balance was for legal services rendered to Skyscape by a law firm of which a certain director of the Company is also a partner.

#### 4. INVENTORY

As at April 30, 2022, the Company maintained finished goods inventory of \$3,273,981 (January 31, 2022 - \$2,527,650). The Company's inventory balance consists of inventory held at the Company's warehouse and stores, as well as inventory in transit from suppliers for which risk of loss during transit lies with the Company. The cost of inventories included in cost of sales for the three months ended April 30, 2022, was \$1,560,674 (April 30, 2021 - \$897,150). There were no inventory write-offs during the three months ended April 30, 2022 (April 30, 2021 – nil).

#### 5. TAXES RECEIVABLE

Taxes receivable consists of goods and services tax ("GST") of PesoRama and net value added tax ("VAT") of Joi, Canmex and Pesorama Consulting as at April 30, 2022. Both GST and VAT are indirect taxes which are refundable for amounts paid by each entity to their vendors, net of indirect taxes collected for amounts charged by each entity to their customers. GST returns for PesoRama are filed on a quarterly basis. As at April 30, 2022, the Company is in the process of claiming VAT refunds for Joi, Canmex and Pesorama Consulting accumulated from prior operating periods. After a reserve against VAT receivable of \$1.3 million that was recorded as of January 31, 2022 (the Company did not recognize any additional Mexican VAT receivable during the period), the balance of taxes receivable as of April 30, 2022 and January 31, 2022 is as follows:

Legal Entity	Tax Type	April 30, 2022	January 31, 2022
PesoRama Inc.	GST	107,876	55,339
Joi Canadian Stores, S.A. de C.V.	VAT	327,194	327,194
Canmex Dollar Stores, S.A. de C.V.	VAT	438,386	438,386
Pesorama Consulting Services, S.A. de C.V.	VAT	(91,786)	(91,786)
Mexican VAT Receivable		673,794	673,794
<b>Total</b>		<b>781,670</b>	<b>729,133</b>

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**6. PROPERTY AND EQUIPMENT**

As at April 30, 2022, the balances of the Company's property and equipment are as follows:

Cost	Furniture & equipment, office	Furniture & equipment, stores	Computer Hardware	Communication Equipment	Leasehold Improvements	Total
As at January 31, 2021	42,858	625,462	151,899	81,184	2,819,541	3,720,944
Capital expenditures	3,520	108,991	140,870	-	2,119,473	2,372,854
Foreign exchange	(606)	(13,877)	(3,118)	(1,792)	(63,613)	(83,006)
As at January 31, 2022	45,772	720,576	289,651	79,392	4,875,401	6,010,792
Capital expenditures	2,437	213,759	28,553	13,246	783,375	1,041,370
Foreign exchange	639	16,858	5,878	1,750	107,155	132,280
<b>As at April 30, 2022</b>	<b>48,848</b>	<b>951,193</b>	<b>324,082</b>	<b>94,388</b>	<b>5,765,931</b>	<b>7,184,442</b>
<b>Accumulated Depreciation</b>						
As at January 31, 2021	(6,347)	(53,278)	(40,375)	(29,941)	(653,995)	(783,936)
Additions	(4,225)	(71,489)	(67,987)	(23,833)	(1,104,952)	(1,272,486)
Foreign exchange	73	1,222	758	676	15,153	17,882
As at January 31, 2022	(10,499)	(123,545)	(107,604)	(53,098)	(1,743,794)	(2,038,540)
Additions	(952)	(13,129)	(15,396)	(4,022)	(244,468)	(277,967)
Foreign exchange	(124)	(2,645)	(2,072)	(1,120)	(37,950)	(43,911)
<b>As at April 30, 2022</b>	<b>(11,575)</b>	<b>(139,319)</b>	<b>(125,072)</b>	<b>(58,239)</b>	<b>(2,026,213)</b>	<b>(2,360,418)</b>
<b>Net book value</b>						
As at January 31, 2022	35,273	597,031	182,047	26,294	3,131,607	3,972,252
<b>As at April 30, 2022</b>	<b>37,273</b>	<b>811,874</b>	<b>199,010</b>	<b>36,149</b>	<b>3,739,718</b>	<b>4,824,024</b>

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**7. INTANGIBLE ASSETS**

As at April 30, 2022, the balances of the Company's intangible assets are as follows:

<b>Cost</b>	<b>Software Licenses</b>	<b>Brand Names</b>	<b>Software in Development</b>	<b>Total</b>
As at January 31, 2021	203,554	-	81,603	285,157
Capital expenditures	11,789	4,144	-	15,933
Impairment	-	-	(79,854)	(79,854)
Foreign exchange	(4,501)	(3)	(1,749)	(6,253)
As at January 31, 2022	210,842	4,141	-	214,983
Capital expenditures	-	912	-	912
Foreign exchange	4,278	94	-	4,372
<b>As at April 30, 2022</b>	<b>215,120</b>	<b>5,147</b>	<b>-</b>	<b>220,267</b>

**Accumulated Amortization**

As at January 31, 2021	(118,836)	-	-	(118,836)
Additions	(92,047)	(110)	-	(92,157)
Foreign exchange	2,683	-	-	2,683
As at January 31, 2022	(208,200)	(110)	-	(208,310)
Additions	(2,666)	(57)	-	(2,723)
Foreign exchange	(4,254)	(2)	-	(4,256)
<b>As at April 30, 2022</b>	<b>(215,120)</b>	<b>(169)</b>	<b>-</b>	<b>(215,289)</b>

**Net book value**

As at January 31, 2022	2,642	4,031	-	6,673
<b>As at April 30, 2022</b>	<b>-</b>	<b>4,978</b>	<b>-</b>	<b>4,978</b>

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**8. LEASES**

The leases of the Company relate to 21 store leases for Joi and 1 office lease for Canmex.

***Right-of-use Assets***

**Cost**

As at January 31, 2021	4,247,542
Additions	1,889,589
Foreign exchange	(100,995)
As at January 31, 2022	6,036,136
Additions	469,790
Foreign exchange	122,302
<b>As at April 30, 2022</b>	<b>6,628,228</b>

**Accumulated Depreciation**

As at January 31, 2021	977,879
Depreciation	1,174,675
Foreign exchange	(22,348)
At as January 31, 2022	2,130,206
Depreciation	297,270
Foreign exchange	46,348
<b>As at April 30, 2022</b>	<b>2,473,824</b>

**Net Book Value**

At as January 31, 2022	3,905,930
<b>As at April 30, 2022</b>	<b>4,154,404</b>

***Lease Liability***

As at January 31, 2021	3,681,646
Additions	1,878,410
Interest on lease liability	714,677
Lease payments	(1,235,463)
Foreign exchange	(237,055)
As at January 31, 2022	4,802,215
Additions	464,930
Lease liability expense	142,400
Lease payments	(437,853)
Foreign exchange	99,025
<b>As at April 30, 2022</b>	<b>5,070,717</b>

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Current portion	1,084,001
Non-current portion	3,986,716
<b>Total lease liability</b>	<b>5,070,717</b>

The table below summarizes the remaining expected lease payments under operating leases as at April 30, 2022:

<i>Fiscal Years</i>	
2023	1,591,476
2024	1,764,496
2025	1,681,442
2026	951,714
2027	398,180
Thereafter	487,890
Less: imputed interest	(1,804,481)
Present value of operating lease liabilities	5,070,717

## 9. CONVERTIBLE DEBENTURES

On March 2, 2021, PesoRama closed the first tranche of convertible debentures (the “Debentures” or the “Convertible Debentures”), issuing 4,832 Debentures at a face value of \$1,000 each for gross proceeds of \$4,832,000. On April 1, 2021, the Company closed the second tranche, issuing an additional 710 Debentures for gross proceeds of \$710,000. On December 30, 2021, the Company closed the third tranche, issuing an additional 1,160 Debentures for gross proceeds of \$1,160,000. Total cash transaction fees on the three tranches were \$529,780, for net proceeds received of \$6,172,220. The Debentures had an annual interest rate of 9.875% compounding semi-annually and payable upon the early of a) the maturity date of the Debentures, b) automatic conversion of the Debentures, or c) upon redemption of the Debentures. The first two tranches originally had a maturity date of March 2, 2023, and April 1, 2023, respectively (the “March Maturity Date”), while the third tranche originally had a maturity date of December 30, 2023 (the “December Maturity Date”; both dates collectively referred to as the “Maturity Dates”). The Company could, at its sole discretion, redeem the Debentures at any time prior to the Maturity Dates at a redemption price equal to 1.25 times the outstanding principal amount plus all accrued and unpaid interest up to and including the redemption date. Successful completion of the RTO Transaction would trigger automatic conversion of all outstanding Debentures to PesoRama securities of the same type issued pursuant to concurrent financing raised by the Company (the “Conversion Securities”). Each Debenture was convertible to PesoRama common shares at a rate of 85% of the per-share price attributed to the Company’s common shares on the RTO Transaction date.

Each Debenture also included 50 warrants, each of which entitles the holder to purchase one common share at a price of \$1.25. A total of 6,194 finders warrants were also issued to brokers in connection with the debenture financing arrangement. Each finders warrant allows the holders thereof to purchase a

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number of PesoRama common shares equal to the product obtained by multiplying (a) the quotient obtained by dividing 1,000 by the conversion price; and (b) 7 percent, for each warrant exercised at the exercise price per share that is equal to the conversion price.

The conversion feature within the Debentures is considered an embedded derivative liability as the contractual right is for conversion to a variable number of common shares depending on the per-Share price attributed to the Company's common shares on the RTO Transaction date. A fair value model was used to estimate the fair value of each of the debt component and the embedded derivative liability. Using the residual value approach, the proceeds received were first allocated to the derivative liability, with the residual amount being allocated to the debt component, and any remaining amount being assigned to the related warrants. Because the assessed fair value of the debt component and embedded derivative liability exceeded net proceeds, the warrant component was assigned a value of nil.

On the dates of issuance, the Company recognized the debt components at their present value of \$4,939,646, net of transaction costs, and the embedded derivative liability at a fair value of \$1,271,060. Transaction costs of \$115,000, which includes cash transaction costs of \$100,491 and fair value of finders warrants of \$14,509, attributed to the embedded derivative liability were recognized as an expense during the year ended January 31, 2022.

On February 8, 2022, upon completion of the RTO transaction, the Debentures were automatically converted into units of the Company resulting in the issuance of 8,499,858 common shares and 8,499,858 subscriber warrants. Each subscriber warrant entitles the holder thereof to purchase one common share at a price of \$1.25 until two years from the date of issuance. Refer to Note 10 and 11 for additional details.

The components of the Company's Debentures as at April 30, 2022 are as follows:

	Liability Component	Derivative Liability	Warrant Component	Total
On date of issuance	5,430,940	1,271,060	-	6,702,000
Cash transaction costs	(429,292)	-	-	(429,292)
Finders warrants	(62,001)	-	-	(62,001)
On date of issuance, net of transaction costs	4,939,647	1,271,060	-	6,210,707
Interest expense	503,122	-	-	503,122
Accretion	574,708	-	-	574,708
Unrealized loss on derivative liability	-	9,022	-	9,022
Balance, January 31, 2022	6,017,477	1,280,082	-	7,297,559
Interest expense	14,427	-	-	14,427
Accretion	18,048	-	-	18,048
Conversion of debt at RTO date	(6,049,952)	(1,280,082)	-	(7,330,034)
<b>Balance, April 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**10. SHARE CAPITAL**

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. Outstanding common shares as at April 30, 2022 are as follows:

	Common shares	Amount (\$)
Balance, January 31, 2021	47,139,610	17,447,504
Shares issued through warrant exercise (vi)(vii)(viii)	2,503,601	60,309
Balance, January 31, 2022	49,643,211	17,507,813
Shares issued pursuant to the RTO Transaction (Note 3)	2,000,000	1,600,000
Shares issued for Subscription Receipts and Offering (i) (ii)	10,035,170	7,495,564
Shares issued for structuring fee (iii)	1,750,000	1,400,000
Shares issued for the conversion of debentures (iv)	8,499,858	5,866,656
Shares issued on warrant exercise (v)	100,000	5,000
<b>Balance, April 30, 2022</b>	<b>72,028,239</b>	<b>33,875,033</b>

*For the three months ended April 30, 2022*

- (i) On November 19, 2021, the Company completed a non-brokered private placement offering of an aggregate of 5,335,170 subscription receipts (the “Subscription Receipts”) at a price of \$1.00 per Subscription Receipt for aggregate gross proceeds of \$5,335,170. On February 8, 2022, upon completing the RTO Transaction, each Subscription Receipt was automatically converted into one common share of PesoRama and one PesoRama subscriber warrant. A value of \$4,268,136, before issuance costs, was allocated to the 5,335,170 common shares issued. Additionally, issuance costs of \$30,332 were allocated to the common shares, for a total net amount of \$4,237,804 recognized as attributed to the common shares. See Note 11 for further details regarding the warrants issued.
- (ii) Upon completion of the RTO Transaction, the Company completed a prospectus offering (the “Offering”) and issued 4,700,000 common shares and 4,700,000 subscriber warrants (“Offering Warrants”) of PesoRama in exchange for the units previously issued. A value of \$3,760,000 before issuance costs, was allocated to the 4,700,000 common shares. On completion of the Offering, PesoRama paid a cash commission to a syndicate of agents (the “Agents”) per an agency agreement (the “Agency Agreement”) and issued 316,500 PesoRama subscriber warrants (the “Agent Offering Warrants”) to the Agents. Each Agent Offering Warrant entitles the holder thereof to purchase one PesoRama common share at a price of \$1.00 per share until the date that is 24 months from the closing of the Offering. Issuance costs amounting to \$502,240 were attributed to the common shares, for a total net amount recognized of \$3,257,760. In total the Company paid cash issuance costs of \$550,975 relating to the Offering. The Agent Offering Warrants were assessed a fair value of \$76,825, using the Black-Sholes option pricing model, and was included as part of the issuance costs of the Offering, allocated proportionately between the common shares issued and the Offering Warrants. See Note 11 for further details regarding the Offering Warrants.

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- (iii) On November 19, 2021, PesoRama, Old PesoRama, Fundamental HS, SC, Antonio Heredia (a partner of Fundamental), and Beragua Capital Advisory SL (“Beragua”), a company related to Fundamental’s partners, entered into a structuring fee agreement (the “Structuring Fee Agreement”). Pursuant to the Structuring Fee Agreement, Skyscape agreed to pay to Mr. Heredia and Beragua a fee for advisory services in connection with the RTO Transaction, payable through the issuance of an aggregate of 1,750,000 PesoRama common shares. The fair value of the shares issued is \$1,400,000.
- (iv) On February 8, 2022, upon completion of the RTO transaction, the Debentures were automatically converted into 8,499,858 common shares and 8,499,858 subscriber warrants of the Company. On the RTO Date, the Company allocated \$5,866,656 of the value of the Debentures and the embedded derivative liability to the common shares issued.
- (v) On March 1, 2022, 100,000 milestone warrants were exercised to purchase 100,000 common shares at \$0.05 per share for cash proceeds received of \$5,000. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.

*For the year ended January 31, 2022*

- (vi) On March 17, 2021, broker warrants issued on March 21, 2019, were exercised to purchase 28,601 common shares at \$0.75 per share for cash proceeds of \$21,451. Warrants reserve of \$858 were reclassified to share capital in connection with this exercise.
- (vii) On April 14, 2021, and July 16, 2021, milestone warrants issued on April 19, 2018, were exercised to purchase 475,000 common shares and 250,000 common shares, respectively, at \$0.05 per share for cash proceeds of \$23,750 and \$12,500, respectively. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.
- (viii) On May 6, 2021, and September 20, 2021, performance warrants were exercised to purchase 1,250,000 and 500,000 common shares, respectively, at \$0.001 per share for cash proceeds of \$1,250 and \$500, respectively. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.

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## 11. FINANCING-RELATED WARRANTS

The following table reflects the changes in financing-related warrants issued and outstanding up to April 30, 2022:

	Subscriber warrants (v)	Agents/finders warrants	Total	Weighted average exercise price (\$)
Balance, January 31, 2021	14,021,760	1,910,520	15,932,280	1.18
Issued March 2, 2021 (vi)(vii)	241,600	4,559	246,159	1.24
Issued April 1, 2021 (vi)(vii)	35,500	475	35,975	1.24
Issued December 30, 2021 (vi)(vii)	58,000	1,160	59,160	1.24
Exercised March 2021 (viii)	-	(28,601)	(28,601)	0.75
Balance, January 31, 2022	14,356,860	1,888,113	16,244,973	1.16
Issued for Subscription Receipts (i)	5,335,170	-	5,335,170	1.25
Issued for the Offering (ii)	4,700,000	316,500	5,016,500	1.23
Issued for the Debentures (iii)	8,499,858	-	8,499,858	1.25
Issued for the over-allotment option (iv)	705,000	-	705,000	1.25
<b>Balance, April 30, 2022</b>	<b>33,596,888</b>	<b>2,204,613</b>	<b>35,801,501</b>	<b>1.20</b>

*For the three months ended April 30, 2022*

- (i) On February 8, 2022, upon completing the RTO Transaction, each Subscription Receipt was automatically converted into one common share of PesoRama and one PesoRama subscriber warrant. Each subscriber warrant entitles the holder thereof to acquire one PesoRama common share at an exercise price of \$1.25 per share until February 8, 2024. A value of \$1,067,036, before issuance costs, was allocated to the subscriber warrants. Additionally, issuance costs of \$7,583 were allocated to the subscriber warrants, for a total net amount of \$1,059,453 recognized as attributed to the subscriber warrants. See Note 10 for further details regarding the common shares issued.
- (ii) On February 8, 2022, the Company completed the public offering in conjunction with the completion of the RTO Transaction and issued 4,700,000 common shares and 4,700,000 subscriber Offering Warrants. Each Offering Warrant entitles the holder thereof to purchase one common share at a price of \$1.25 per share until the expiry date of February 8, 2024. A value of \$940,000, before issuance costs, was allocated to the value of the Offering Warrants and issuance costs of \$48,735 was attributed to the Offering Warrants for total net amount recognized of \$891,265. Included in the issuance costs of the Offering was 316,500 Offering Agent Warrants issued to the

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Agents by the Company. The Agent Offering Warrants entitle the holder thereof to purchase one common share of the Company at a price of \$1.00 per share until the date that is 24 months from the closing of the Offering. The Agent Offering Warrants were assessed a fair value of \$76,825, using the Black-Sholes option pricing model and the value allocated proportionately between the common shares issued and the Offering Warrants. See Note 10 for further details regarding the common shares issued.

- (iii) On February 8, 2022, upon completion of the RTO transaction, the Debentures, including the embedded derivative liability, were automatically converted into 8,499,858 common shares and 8,499,858 subscriber warrants of the Company. On the RTO Date, the Company allocated \$1,463,377 of the value of the Debentures and the embedded derivative liability to the value of the subscriber warrants issued.
- (iv) As part of the Agency Agreement, the Company granted the Agents an over-allotment option (the "Over-Allotment Option"), exercisable in whole or in part at the sole discretion of the Agents, at any time and from time to time for a period of 30 days from the RTO Date, under which the Agents could purchase up to a total of 705,000 additional units, either as units at a price of \$1.00 per Unit, as PesoRama shares at a price of \$0.90 per PesoRama share, or as common share purchase warrants of PesoRama at a price of \$0.10 per Resulting Issuer Warrant. On March 8, 2022, the Agents exercised the Over-Allotment Option to purchase 705,000 PesoRama warrants, for aggregate gross proceeds to the Company of \$70,500. Each warrant entitles the holder thereof to purchase one PesoRama share at a price of \$1.25 per share for a period of 24 months following the RTO Date. The Company incurred issuance costs of \$4,940 which have been netted against the value of the warrants issued.
- (v) In the event that the volume-weighted average price of the common shares of the Company is equal to or greater than \$2.00 over a 10 consecutive trading day period, the Company may, within 10 business days following such 10-day period, accelerate the expiry date of the subscriber warrants by issuing a press release, and in such case, the expiry date of the subscriber warrants shall be deemed to be the date that is 30 days following the issuance of the press release.

*For the year ended January 31, 2022*

- (vi) On March 2, April 1, and December 30, 2021, the Company closed three tranches of its Debenture offering (see Note 9). In connection with the first tranche, on March 2, 2021, the Company issued 241,600 subscriber warrants. In connection with the second tranche, on April 1, 2021, the Company issued 35,500 subscriber warrants. In connection with the third tranche, on December 30, 2021, the Company issued 58,000 subscriber warrants. Each subscriber warrant entitles the holder to purchase one Share at a price of \$1.25. The warrants for the first two tranches are set to expire on the earlier of 1) the date that is 24 months from the date of listing on the Exchange or 2) five years from the issue date. The warrants for the third tranche are set to expire on December 30, 2023.

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However, if the daily volume-weighted average price of the common shares exceeds \$2.00 per share for a period of at least 10 consecutive trading days, the Company may, at its sole discretion, elect to accelerate the expiry date for the warrants of all three tranches. If the Company makes this election, they must notify all warrant holders within 5 trading days of their intention to accelerate the expiry date. The accelerated expiry date may not be less than 30 days after the date upon which notice is given.

As discussed in Note 9, because there was no residual value after valuation of the debt component and embedded derivative liability associated with the Debentures, the subscriber warrants were assigned a nil value.

- (vii) In connection with the first tranche of its Debenture offering (see Note 9), on March 2, 2021, the Company issued 4,559 finders warrants. In connection with the second tranche, on April 1, 2021, the Company issued 475 finders warrants. In connection with the third tranche, on December 30, 2021, the Company issued 1,160 finders warrants. Each finders warrant can be exercised to purchase the number of common shares equal to 1,000 divided by the conversion price (85% of the Share price) multiplied by 7%. Total fair value assigned to finders warrants on the three tranches was \$76,514.
- (viii) On March 17, 2021, broker warrants were exercised to purchase 28,601 common shares at \$0.75 per share for cash proceeds of \$21,451.
- (ix) During the year ended January 31, 2022, the expiry dates of the following subscriber warrants was amended to the earlier of a) the date which is 24 months from the date which the common shares are listed on a recognized Canadian securities exchange and b) the date which is 5 years from the issue date:
  - (a) 5,907,557 subscriber warrants issued March 21, 2019
  - (b) 2,371,340 subscriber warrants issued April 30, 2019
  - (c) 2,192,100 subscriber warrants issued May 24, 2019
  - (d) 2,737,430 subscriber warrants issued May 30, 2019
  - (e) 813,333 subscriber warrants issued June 7, 2019
  - (f) 241,600 subscriber warrants issued March 2, 2021
  - (g) 35,500 subscriber warrants issued April 1, 2021

In addition to the revised expiry dates, the amended indentures stipulate that in the event that the daily volume-weighted average price of the common shares exceeds \$2.50 per share (\$2.00 per share for the subscriber warrants issued March 2 and April 1, 2021) for a period of 20 consecutive trading days (10 consecutive trading days for the subscriber warrants issued March 2 and April 1, 2021), the expiry date may be accelerated by the Company by giving notice to the warrant holders and the warrant agent within five trading days.

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- (x) During the year ended January 31, 2022, the expiry date of the following outstanding agents and finders warrants was amended to the earlier of a) the date which is 24 months from the date the shares are listed on a recognized Canadian securities exchange and b) the date which is 5 years from the issue date:
- (a) 317,300 agents warrants issued March 21, 2019
  - (b) 149,344 agents warrants issued April 3, 2019
  - (c) 153,447 agents warrants issued May 24, 2019
  - (d) 203,435 finders warrants issued May 30, 2019
  - (e) 56,333 finders warrants issued June 7, 2019
  - (f) 186,060 finders warrants issued December 23, 2019

As at April 30, 2022, the following financing-related warrants were outstanding:

Issue date	Warrant type	Exercise price	Number of warrants	Weighted average remaining life (years)	Number of warrants exercisable
2018-09-14	Agent warrants	0.40	784,000	1.77	784,000
2018-10-04	Agent warrants	0.40	32,000	1.77	32,000
2019-03-21	Subscriber warrants	1.25	5,907,557	1.77	5,907,557
2019-03-21	Agent warrants	0.75	317,300	1.77	317,300
2019-04-03	Subscriber warrants	1.25	2,371,340	1.77	2,371,340
2019-04-03	Agent warrants	0.75	149,344	1.77	149,344
2019-05-24	Subscriber warrants	1.25	2,192,100	1.77	2,192,100
2019-05-24	Agent warrants	0.75	153,447	1.77	153,447
2019-05-30	Subscriber warrants	1.25	2,737,430	1.77	2,737,430
2019-05-30	Finders warrants	1.25	68,435	1.77	68,435
2019-05-30	Finders warrants	0.75	135,000	1.77	135,000
2019-06-07	Subscriber warrants	1.25	813,333	1.77	813,333
2019-06-07	Finders warrants	1.25	56,333	1.77	56,333
2019-12-23	Agent warrants	1.00	186,060	1.77	186,060
2021-03-02	Subscriber warrants	1.25	241,600	1.77	241,600
2021-03-02	Finders warrants	0.85	4,559	0.84	4,559
2021-04-01	Subscriber warrants	1.25	35,500	1.77	35,500
2021-04-01	Finders warrants	0.85	475	0.92	475
2021-12-30	Subscriber warrants	1.25	58,000	1.67	58,000
2021-12-30	Finders warrants	0.85	1,160	1.67	1,160
2022-02-08	Subscriber warrants	1.25	18,535,028	1.77	18,535,028
2022-02-08	Finders warrants	1.00	316,500	1.77	316,500
2022-03-08	Subscriber warrants	1.25	705,000	1.77	705,000
<b>Balance, April 30, 2022</b>		<b>1.22</b>	<b>35,801,501</b>	<b>1.77</b>	<b>35,801,501</b>

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## 12. SHARE-BASED COMPENSATION, OTHER WARRANTS AND OPTIONS

The following table reflects the changes in share-based compensation other warrants and options issued and outstanding up to April 30, 2022:

	Number of options	Number of milestone warrants	Number of performance warrants	Total	Weighted average exercise price (\$)
Balance, January 31, 2021	1,800,000	4,000,000	6,750,000	12,550,000	0.07
Exercised (iv)(v)(vi)	-	(725,000)	(1,750,000)	(2,475,000)	0.02
Cancelled (vii)(viii)	(950,000)	-	(2,500,000)	(3,450,000)	0.11
Balance, January 31, 2022	850,000	3,275,000	2,500,000	6,625,000	0.08
Issued pursuant to the RTO Transaction (i)	200,000	-	-	200,000	0.50
Granted (ii)	7,950,000	-	-	7,950,000	1.00
Exercised (iii)	-	(100,000)	-	(100,000)	0.05
<b>Balance, April 30, 2022</b>	<b>9,000,000</b>	<b>3,175,000</b>	<b>2,500,000</b>	<b>14,675,000</b>	<b>0.58</b>

*For the three months ended April 30, 2022*

- (i) On February 8, 2022, upon completion of the RTO Transaction as outlined in Note 3, a total of 200,000 stock options were issued to replace PesoRama (formerly Skyscape) stock options. 200,000 of these stock options can be exercised at a price of \$0.50 per option to acquire one common share any time until March 6, 2023. Using the Black-Scholes option pricing model, the options were valued at \$73,492 in total, or \$0.3675 per option, using the following assumptions: dividend yield 0%, risk-free interest rate of 1.35%, expected volatility of 67%, stock price of \$0.80, and expected life of 1.07 years.
- (ii) On February 8, 2022, the Company granted 7,950,000 options to acquire common shares to certain directors, officers and employees of the Company at an exercise price of \$1.00 per common share. The options are for a five-year term, expiring in February 2027, and vesting one-fourth on each anniversary date from the date of grant over the first four years of the life of the options. The total estimated fair value of these stock-options is \$3,232,082 and was determined using the Black-Scholes option pricing model. The Company used the following assumptions: dividend yield 0%, risk-free interest rate of 1.69%, expected volatility of 67%, stock price of \$0.80, and expected life of 5 years. During the three months ended April 30, 2022, the Company recognized \$370,733 (April 30, 2021 - \$nil) in share-based compensation expense. Recognized share-based compensation is recorded as an expense and as contributed surplus.
- (iii) On March 1, 2022, 100,000 milestone warrants were exercised to purchase 100,000 common shares at \$0.05 per share for cash proceeds received of \$5,000. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.

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- (iv) On April 14, 2021, 475,000 milestone warrants issued on April 19, 2018, were exercised by the holders at \$0.05 per share for cash proceeds to the Company of \$23,750. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.
- (v) On May 6, 2021 and September 20, 2021, performance warrants were exercised to purchase 1,250,000 and 500,000 common shares, respectively, at \$0.001 per share for cash proceeds of \$1,250 and \$500, respectively. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.
- (vi) On July 16, 2021, milestone warrants issued on April 19, 2018, were exercised to purchase 250,000 common shares at \$0.05 per share for cash proceeds of \$12,500. No warrants reserve was reclassified to share capital as these warrants were initially valued at nil.
- (vii) On March 8, 2021, 550,000 stock options held by four former PesoRama directors who were not re-elected at a special shareholder meeting on December 8, 2020, were cancelled in accordance with the terms of the option agreements, which require exercise of outstanding options within three months of termination to avoid cancellation. None of the 550,000 options held by the directors upon their termination were exercised.
- (viii) On August 16, 2021, the employment of PesoRama's CEO was terminated. A total of 2,500,000 outstanding performance warrants and 400,000 vested but unexercised options held by the CEO were cancelled immediately upon termination of employment.

The following table reflects share-based compensation options and warrants issued and outstanding as at April 30, 2022:

Type	Exercise price	Number outstanding	Weighted average remaining life (years)	Number exercisable
Milestone warrants *	0.05	3,275,000	0.28	3,275,000
Performance warrants	0.001	2,500,000	1.05	2,500,000
Stock options	0.40	850,000	1.50	850,000
Stock options	0.50	200,000	0.79	200,000
Stock options	1.00	7,950,000	4.77	-
<b>Balance, April 30, 2022</b>	<b>0.58</b>	<b>14,775,000</b>	<b>2.90</b>	<b>6,825,000</b>

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\* With the completion of the RTO Transaction Milestone warrants are exercisable until six months from the RTO Date.

### 13. RELATED PARTIES

During the three months ended April 30, 2022, there were separate related party transactions as follows:

- (i) Management fees of \$170,000 (2021 - \$163,125) relating to the key management personnel were incurred during the three months ended April 30, 2022. Professional fees for accounting services of \$48,600 (2021 – nil) were incurred during the period ended April 30, 2022 to the professional services company of which the Chief Financial Officer is an officer and significant shareholder. As at April 30, 2022, all fees had been paid.
- (ii) On March 8, 2021, 550,000 stock options held by four former PesoRama directors were cancelled upon their not being re-elected to the Board on December 8, 2020, in accordance with the terms of the option agreements, which require exercise of outstanding options within three months of termination to avoid cancellation. None of the 550,000 options held by the directors upon their termination were exercised.
- (iii) As part of the RTO Transaction, 1,750,000 PesoRama common shares were issued to Fundamental HS, SC, as a structuring fee for advisory services in connection with the RTO Transaction. A director of PesoRama is also a partner of Fundamental.
- (iv) The Company incurred professional fees for legal services of \$57,213 for the three months ended April 30, 2022, which were provided by a law firm of which a certain director of the Company is also a partner. As at April 30, 2022, there were no outstanding payables owed to the law firm.

### 14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### *Financial instruments*

As at April 30, 2022, the Company's financial instruments consist of cash and cash equivalents, security deposits, accounts payable and accrued liabilities.

The Company characterizes its fair value measurements of financial instruments into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

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A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value. The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities and subscription receipts approximate their respective fair values due to the short-term maturities of those instruments. The carrying amount of the convertibles debentures approximated its fair value as it is the present value calculated using a market rate that was determined during the three months ended April 30, 2022, up to the point in time of the conversion of the Debentures. The derivative financial instruments were measured at fair value based on level 3 inputs prior to conversion.

***Financial risk management***

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk, foreign currency risk, credit risk, and interest rate risk.

***Liquidity risk***

As at April 30, 2022, the Company's liabilities consist of accounts payable and accrued liabilities, and lease liabilities. Each of these liabilities have contractual maturity dates within one year with the exception of the long-term portion of lease liabilities (refer to Note 8 for breakdown of remaining lease payments relating to long-term portion of lease liability) . The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. See further discussion relating to liquidity in Note 1.

***Foreign currency risk***

The Company's functional and reporting currency is the Canadian dollar but it is exposed to foreign currency risk with respect to the expenditures incurred by its Mexican subsidiaries, Joi, Canmex, and Pesorama Consulting whose functional currencies are the Mexican peso. As the Company and its subsidiaries operate internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than their respective functional currencies. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

At April 30, 2022, the Company has not entered into any hedging agreements to mitigate currency risks, with respect to foreign exchange rates, as foreign currency risk was deemed to be low.

***Credit risk***

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Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and security deposits, since the Company does not make any sales on credit terms. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

***Interest rate risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. Fluctuations of interest rates for the period ending April 30, 2022, would not have had a significant impact on the interim condensed consolidated financial statements. Furthermore, the Company was not exposed to interest rate risk on its interest-bearing debentures given these debt instruments were all subject to fixed interest rates.

**15. EXPENSES BY NATURE**

	<b>Three months ended April 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>General, administrative and store operating expenses</b>		
Management fees	153,865	165,300
Salaries, wages, and benefits	818,264	333,864
Distribution expenses	1,231	-
Subcontracted employees	5,596	278,555
Professional fees	295,492	319,990
Investor relations	126,981	36,884
Office and store expenses	165,273	154,348
Security and monitoring	2,826	36,034
Repairs and maintenance	68,130	42,059
Share-based compensation (note 12)	370,733	-
Travel expenses	29,154	7,743
Marketing and promotion	25,559	7,457
<b>Total</b>	<b>2,063,104</b>	<b>1,382,234</b>

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<b>Depreciation and amortization</b>		
Depreciation, property and equipment (Note 6)	277,967	252,359
Amortization and impairment, intangible assets (Note 7)	2,723	-
Depreciation, right-of-use assets (Note 8)	297,270	292,619
<b>Total</b>	<b>577,960</b>	<b>544,978</b>
<b>Financing costs</b>		
Interest on lease liabilities (Note 8)	142,400	137,095
Interest on convertible debentures (Note 9)	14,427	82,524
Accretion on convertible debentures (Note 9)	18,048	107,723
Bank and other finance charges	20,344	16,221
Foreign exchange loss	(109,165)	(8,668)
<b>Total</b>	<b>86,054</b>	<b>334,895</b>
<b>Other items</b>		
Interest income	(320)	-
Other expense	213,033	(31,082)
<b>Total</b>	<b>212,713</b>	<b>(31,082)</b>

## 16. COMMITMENTS AND CONTINGENCIES

### *Commitments*

Throughout the three months ended April 30, 2022, the Company entered into various agreements with different vendors relating to the construction and improvement of its retail stores in Mexico. As at April 30, 2022, the Company has committed to construction contracts relating to this construction work for a total of \$317,222. The Company also had retail stores and office lease commitments outstanding, which have been recorded as lease liabilities of \$5,070,717 in the interim condensed consolidated financial statements (see Note 8).

Additionally, at April 30, 2022, the Company had inventory purchase commitments of \$765,903. All these commitments are expected to be fulfilled and paid within the next twelve months.

At April 30, 2022, Joi had one signed lease agreement for a retail store that had not yet been made available for possession by the property owner.

### *Contingencies*

#### Legal Claim for Unpaid Professional Fees

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In February 2021, a certain legal professional firm (the “Legal Firm”) initiated legal proceedings against the Company in regard to unpaid legal fees of approximately \$690,000 owed by the Company to the Legal Firm, all of which have been previously accrued in accounts payable and accrued liabilities. In July 2021, the Company initiated legal action against the Legal Firm on the grounds of professional negligence in association with legal services provided to the Company. At this point in time, the Company is currently unable to determine the outcome nor able to estimate potential losses from these proceedings.

#### Trademark Infringement Claims

In December 2020, the Company was notified that a certain third party initiated a series of infringement claims with the Mexican Institute of Industrial Property against Joi claiming that Joi’s trademark is similar to the plaintiff’s own registered trademark for its products. Joi’s initial response highlighted the fact that a) the goods cited are not under a trademark held by Joi but by Canmex, b) the MTO has granted trademark registration to Canmex for the trademark “Joi,” among others, and c) Joi’s name is not similar to the registered trademark of the plaintiff. The proceedings are ongoing as Joi awaits further action from the MTO.

The Company believes the third party’s claims to be without merit and anticipates a high likelihood of success in prevailing against the infringement claims. As such, the Company has not made any provision related to these claims.

#### Legal Claims from Former Joi Employees

At April 30, 2022, Joi had open legal claims from three former Joi employees. The maximum estimated financial claim is approximately \$40,000.

#### Legal Action from Former CEO

In November 2021, the former CEO of Old PesoRama (the “Former CEO”) filed a statement of claim in the Court of Queen's Bench of Alberta against the Company, its other directors, Skyscape, and its director Paul Pathak (collectively, the “Respondents”).

The Former CEO’s assertions include that he was wrongfully terminated, that the Respondents interfered with his contractual relations, engaged in a civil conspiracy, an abuse of civil process, and conduct that was oppressive and in breach of their applicable fiduciary and other duties. Among other things, the Former CEO is seeking: (i) to the extent necessary, an order appointing an inspector, and directing an investigation of the Company; (ii) a declaration that the Respondents’ conduct was oppressive; (iii) an order replacing Rahim Bhaloo and Andrew Parks as directors of the Company; (iv) an order that the Company pay the Former CEO’s and other costs of the proceedings; (v) a declaration that Mr. Bhaloo and Mr. Parks breached their legal, equitable and fiduciary duties; and (vi) an order directing the Respondents and the Company’s officers and directors to deliver to the Former CEO 8,750,000 common shares of the

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Company. The Former CEO is also seeking, in the aggregate, approximately \$5.3 million in compensatory and punitive damages in connection with the foregoing claims.

On December 1, 2021, the Former CEO brought an urgent application seeking various extraordinary, injunctive relief against the Company before the Company's scheduled annual general meeting. The Former CEO's application failed.

The Respondents strongly disagree with all the Former CEO's positions, believe that the claims are without merit and intend to vigorously defend themselves against the Former CEO's claims. In addition, the Company is considering all available recourse and intends to take litigation steps in the appropriate forum to protect its interests. As such, the Company has not made any provision related to this litigation.

Legal Action from Former Directors

On July 4, 2022, three former directors (the "Plaintiffs") of PesoRama Holdings Inc. (the "Defendant") filed a statement of claim in the Court of Queen's Bench of Alberta against the Defendant. The claim alleges that the Plaintiffs are owed a total of \$335,000 of unpaid director compensation fees. The Defendant disagrees with all of the Plaintiffs' positions, believes that the claim is without merit and intends to vigorously defend itself against the Plaintiffs' claim.