



PESORAMA INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
PESORAMA INC.**

TO BE HELD ON AUGUST 8, 2023

and

MANAGEMENT INFORMATION CIRCULAR

DATED JULY 4, 2023

This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisors.

PESORAMA INC.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD AUGUST 8, 2023

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of PesoRama Inc. (the "**Company**") will be held at the offices of Irwin Lowy LLP at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2 at 10:00 a.m. (Toronto time) on August 8, 2023, for the purposes set forth below:

1. to receive and consider the audited financial statements of the Company for the years ended January 31, 2023 and January 31, 2022, and the auditors' report thereon;
2. to elect the directors of the Company;
3. to appoint the auditors of the Company and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution of disinterested shareholders approving the adoption of a fixed stock option plan of the Company;
5. to consider, and if thought appropriate, pass an ordinary resolution of disinterested shareholders approving the issuance by the Company to its directors and officers of an aggregate of 2,482,686 Common Shares of the Company in settlement of debts in the aggregate amount of \$546,191, at a deemed price per Common Share of \$0.22 per Common Share, all as more particularly described and set forth in the Circular (as defined below); and
6. to transact any other business as may properly be brought before the Meeting or any adjournment(s) or postponement thereof.

This notice of meeting (the "**Notice of Meeting**") is accompanied by the management information circular dated July 4, 2023 (the "**Circular**") of the Company and a form of proxy, which should be read in conjunction with this Notice of Meeting.

Shareholders may attend the Meeting in person or may be represented by proxy. Shareholders unable to attend the Meeting or any adjournment(s) thereof in person are requested to date, sign and return the enclosed form of proxy to the attention of TSX Trust Company ("**TSX Trust**"), Suite 301, 100 Adelaide St. West, Toronto, Ontario, M5H 4H1. To be effective, a proxy must be received not later than 10:00 a.m. (Eastern time) on Thursday, August 3, 2023, or in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) immediately preceding any adjournment(s) or postponement(s) thereof. Instead of mailing your proxy, Shareholders may choose to vote using the Internet in accordance with the instructions set out in the accompanying form of proxy.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has by resolution fixed the close of business on Friday, June 30, 2023 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

COVID-19 GUIDANCE

In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19, shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein and the accompanying management information circular dated July 4, 2023.

The accompanying management information circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual and special meeting. Additional information about the Company and its financial statements are also available on the Company's profile at www.sedar.com.

DATED this 4th day of July, 2023.

BY ORDER OF THE BOARD

(signed) "Rahim Bhaloo"

Rahim Bhaloo
Executive Chairman

PESORAMA INC.

77 King Street West, Suite 700

Toronto, ON M5K 1G8

MANAGEMENT INFORMATION CIRCULAR

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PESORAMA INC. (the "**Company**") of proxies to be used at the annual and special meeting of shareholders of the Company to be held on Tuesday, August 8, 2023 at the office of Irwin Lowy LLP at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2 at 10:00 a.m. (Eastern time), and at any adjournment or postponement thereof (the "**Meeting**") for the purposes set out in the accompanying notice of meeting (the "**Notice of Meeting**"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice of Meeting, this management information circular (the "**Management Information Circular**"), the annual consolidated financial statements of the Company for the financial years ended January 31, 2023 and January 31, 2022 and related management's discussion and analysis and other meeting materials, if applicable (collectively the "**Meeting Materials**") to the beneficial owners of the common shares of the Company (the "**Common Shares**") held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting.

COVID-19 GUIDANCE

In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19, shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein and the accompanying management information circular dated July 4, 2023.

APPOINTMENT AND REVOCATION OF PROXIES

A Registered Shareholder may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Management Information Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

The purpose of a form of proxy is to designate persons who will vote on the shareholder's behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company's transfer agent and registrar, TSX Trust Corporation (the "**Transfer Agent**"), not later than 10:00 a.m. (Eastern time) on Thursday,

August 3, 2023 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

By Mail or Hand Delivery:	TSX Trust Corporation Suite 301 100 Adelaide Street West Toronto, Ontario M5H 4H1
By Fax:	416-595-9593
By Internet:	www.voteproxyonline.com You will need to provide your 12-digit control number (located on the form of proxy accompanying this Management Information Circular).

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to (i) the registered office of the Company, located at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Management Information Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

ADVICE TO NON-REGISTERED SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name. Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting

and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a Non-Registered Holder are registered either: (i) in the name of an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a "**Clearing Agency**") of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

Distribution of Meeting Materials to Non-Registered Holders

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company's OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

Voting by Non-Registered Holders

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

Voting Instruction Form. In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a "**VIF**"). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not

completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

Voting by Non-Registered Holders at the Meeting

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Rights

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value, of which as at the Record Date 90,638,503, Common Shares are issued and outstanding.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares, other than as set forth below:

Name	Number of Common Shares	Percentage of Issued and Outstanding Common Shares
Rahim Bhaloo	9,416,666 ⁽¹⁾	10.11%

Notes:

(1) 250,000 Common Shares are held by 2110958 Alberta Ltd., a holding company owned by Mr. Bhaloo's spouse and 8,750,000 Common Shares are held by Ocean View Trust, a family trust the beneficiaries of which are immediate family members of Mr. Bhaloo.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as otherwise disclosed herein, no director or executive officer of the Company who was a director or executive officer at any time since the beginning of the last financial year of the Company, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED ON

To the knowledge of the board of directors of the Company (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

1. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended January 31, 2022 and January 31, 2023 and the reports of the auditors will be placed before the shareholders at the Meeting. No vote will be taken on the consolidated financial statements. The consolidated financial statements and additional information concerning the Company are available under the profile of the Company on SEDAR at www.sedar.com.

2. ELECTION OF DIRECTORS

The Board currently consists of four directors. At the Meeting, four directors will be nominated by management for election as directors of the Company for the ensuing year. The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by them as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation, Business or Employment for the Five Preceding Years ⁽¹⁾	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾	Percentage of Voting Shares Owned or Controlled
Rahim Bhaloo Mexico Executive Chairman and Interim Chief Financial Officer	Founder and Executive Chairman of the Company	February 8, 2022	9,416,666 ⁽⁴⁾	10.11%
Antonio Heredia ⁽²⁾⁽³⁾ Mexico Director	Founder and Partner of Fundamental Private Markets	February 8, 2022	2,235,471	2.46%
Paul Pathak ⁽²⁾⁽³⁾ Ontario, Canada Director and Corporate Secretary	Partner at Chitiz Pathak LLP	January 9, 2018	1,113,000 ⁽⁵⁾	1.22%
Andrew Parks ⁽²⁾⁽³⁾ Ontario, Canada Director	Chief Executive Officer of Foundation Asset Corp., a merchant bank which provides financing to companies across many industries	February 8, 2022	133,333	0.14%

Notes:

- (2) *The information as to principal occupation, business or employment and voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.*
- (3) *Member of the Audit Committee.*
- (4) *Member of the Compensation, Corporate Governance and Nominating Committee.*
- (5) *250,000 Common Shares are held by 2110958 Alberta Ltd., a holding company owned by Mr. Bhaloo's spouse and 8,750,000 Common Shares are held by Ocean View Trust, a family trust the beneficiaries of which are immediate family members of Mr. Bhaloo.*
- (6) *450,000 Common Shares are held directly by Mr. Pathak 300,000 Common Shares are held by 2124312 Ontario Inc. and 363,000 Common Shares are held by Paul Pathak Professional Corp., corporations owned and beneficially controlled by Mr. Pathak.*

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT

THEREOF. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF A NOMINEE IS, FOR ANY REASON, UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an "**Order**") and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Paul Pathak was formerly a director of Wayland Group Corp. ("**Wayland**"), a reporting issuer previously listed on the Canadian Securities Exchange. In May 2019, the Ontario Securities Commission issued a failure-to-file cease trade order against Wayland as a result of Wayland's failure to file its audited financial statements for the year ended December 31, 2018. This cease trade order is still in effect. Subsequently, in December 2019, Wayland was granted an order from the Ontario Superior Court of Justice (commercial list) under the *Companies' Creditors Arrangement Act*.

Bankruptcies

To the knowledge of the Company none of those persons who are proposed directors of the Company, other than the individual listed below or as described above is, or has been within the past 10 years, a director or executive officer of any company, including the Company, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Penalties and Sanctions

To the knowledge of the Company, no proposed director of the Company (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

3. APPOINTMENT OF AUDITORS

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE

AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. MNP LLP, Chartered Accountants were first appointed as the auditors of the Company in May of 2018.

4. APPROVAL OF FIXED STOCK OPTION PLAN

On November 24, 2021, the TSX Venture Exchange (the "**TSXV**") revised its policy (the "**Revised Policy**") on security-based compensation, including stock option plans. On July 4, 2023, the Board amended the terms of the stock option plan (the "**Plan**") of the Company to comply with the requirements of the Revised Policy.

The purpose of the Plan is to encourage Common Share ownership by directors, officers, employees and consultants of the Company.

Currently, the only types of security-based compensation that may be granted by the Company are stock options, and as of the date of this Circular, the Company has 8,600,000. If the amendments to the Plan are approved by the shareholders of the Company, all outstanding stock options would continue to be outstanding and in force, except that they would henceforth be governed by, and subject to the terms and conditions of, the Plan, as amended.

The Plan is a "fixed" plan as the number of Common Shares reserved for issuance pursuant to the grant of stock options be fixed at 18,127,700, representing 20% of the issued and outstanding Common Shares as at the Record Date. If a stock option expires, is exercised or otherwise terminates for any reason, the number of Common Shares of the Company in respect of that expired, exercised or terminated stock option shall again be available for grant for the purpose of the Plan. The principal features of the Plan are described in more detail below in the section entitled "*Statement of Executive Compensation – Stock Option Plan and other Incentive Plans*".

Under the Revised Policy, the Company must obtain shareholder approval of the Plan at the Meeting Accordingly, shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

1. the stock option plan of the Company as described in the management information circular dated July 4, 2023, be and it is hereby approved, ratified and confirmed;
2. the stock option plan may be amended by the directors of the Company in order to satisfy the requests of any regulatory authorities or the TSX Venture Exchange without further approval of the shareholders of the Company, unless approval of the shareholders of the Company is required by the regulatory authorities or the TSX Venture Exchange; and
3. any director or officer of the Company be, and such director or officer of the Company hereby is, authorized and empowered, acting for, in the name of and on behalf of the Company, to execute or to cause to be executed, under seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Company may be necessary or desirable in order to fulfill the intent of the foregoing resolution."

In accordance with the policies of the TSXV, the Plan must be approved by a majority of votes cast at the Meeting on the resolution. A copy of the Plan is attached hereto as Appendix "a".

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

It is not known that any other matters will come before the meeting other than as set forth above and in the Notice of Meeting accompanying this Information Circular, but if such should occur the persons named in the accompanying Form of Proxy intend to vote on them in accordance with their best judgement, exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the meeting or any adjournment thereof.

5. ISSUANCE OF SHARES-FOR-DEBT TO RELATED PARTIES

Background

As at the date of this Circular, the Company has accrued and owes a total of \$546,191 (the "**Debt Amount**") to Rahim Bhaloo, Paul Pathak, Andrew Parks, Antonio Heredia, Erica Fattore and Abdul Bawazeer (the "**Related Parties**"), each a director and/or officer of the Company, with respect to unpaid directors' fees, bonuses and/or consulting fees, as the case may be, incurred between March 2022 to May 2023. On or around June 30, 2023, the Company entered into a separate debt settlement agreement with each of the Related Parties, pursuant to which the Company agreed to issue to the Related Parties an aggregate of 2,482,686 Common Shares at a deemed price of \$0.22 per Common Share (the "**Debt Settlement**"). The Board of Directors of the Company unanimously determined that the Debt Settlement is in the best interests of the Company as it would reduce the Company's outstanding liabilities, without using its cash on hand.

The following is a breakdown of the debt proposed to be settled with each Related Party, and the number of Common Shares proposed to be issued to each of them:

Name of Insider (Related Party)	Relationship to the Company	Debt to be Settled (\$)	Shares to be Issued as Payment (#)
Rahim Bhaloo ⁽¹⁾	Executive Chairman and Interim Chief Financial Officer	283,333	1,287,877
Paul Pathak ⁽²⁾	Director	52,500	238,636
Andrew Parks ⁽³⁾	Director	21,000	95,455
Antonio Heredia ⁽⁴⁾	Director	46,025	209,205
Abdulmajeed Bawazeer ⁽⁵⁾	Chief Strategy Officer	60,000	272,727
Erica Fattore ⁽⁶⁾	President and Chief Executive Officer	83,333	378,786

Notes:

- (1) Related Party currently owns (directly and indirectly) 9,416,666 Common Shares representing approximately 10.11% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 10,704,543 Common Shares, representing approximately 11.49% of the issued and outstanding Common Shares of the Company.
- (2) Related Party currently owns (directly and indirectly) 1,113,000 Common Shares representing approximately 1.22% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 1,331,636 Common Shares, representing approximately 1.45% of the issued and outstanding Common Shares of the Company.
- (3) Related Party currently owns (directly and indirectly) 133,333 Common Shares representing approximately 0.14% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 228,788 Common Shares, representing approximately 0.24% of the issued and outstanding Common Shares of the Company.
- (4) Related Party currently owns (directly and indirectly) 2,235,471 Common Shares representing approximately 2.46% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 2,444,676 Common Shares, representing approximately 2.62% of the issued and outstanding Common Shares of the Company.
- (5) Related Party currently owns (directly and indirectly) 597,500 Common Shares representing approximately 0.65% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 870,227 Common Shares, representing approximately 0.93 % of the issued and outstanding Common Shares of the Company.
- (6) Related Party currently owns (directly and indirectly) 662,500 Common Shares representing approximately 0.73% of the issued and outstanding Common Shares of the Company. With the proposed Common Shares to be issued, the Related party would own (directly and indirectly) 1,041,286 Common Shares, representing approximately 1.11% of the issued and outstanding Common Shares of the Company.

The Debt Settlement is subject to TSX Venture Exchange approval and disinterested shareholder approval as described below. Subject to obtaining such approvals, the Common Shares proposed to be issued pursuant to the Debt Settlement will be subject to a four-month hold period pursuant to applicable securities laws and the policies of the TSX Venture Exchange.

Related Party Transaction

The Debt Settlement constitutes a "related party transaction", as such term is defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") under applicable securities laws due to the fact that each of the Related Parties is a director of the Company. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101, which are available as the Company's securities are not listed on any stock exchange identified in Section 5.5(b) of MI 61-101, and neither the

fair market value of the Common Shares to be issued in the Debt Settlement nor of the services provided by the Related Parties in connection with the Debt Amounts to be settled exceed 25% of the Company's market capitalization.

Debt Settlement Resolution

At the Meeting, disinterested shareholders (as described below) will be asked to pass an ordinary resolution approving the Debt Settlement (the "**Debt Settlement Resolution**") in the following form:

"**BE IT RESOLVED**, as an ordinary resolution, that:

1. Subject to the approval of the TSX Venture Exchange, the Company be and is hereby authorized to issue to the Related Parties named in the management information circular of the Company dated July 4, 2023 (the "**Circular**"), accompanying the notice of this meeting, at such time as the directors of the Company may, in their sole discretion determine, an aggregate of 2,482,684 Common Shares of the Company in settlement of debts in the aggregate amount of \$546,191 at a deemed price per Common Share of \$0.22 per Common Share, all as more particularly described and set forth in the Circular; and
2. Any one director or officer of the Company be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

The Company's Board unanimously recommends that shareholders vote FOR the Debt Settlement Resolution.

In order to be effective, the Debt Settlement Resolution must be approved by a majority (50%) of the votes cast by shareholders who vote in respect of the Debt Settlement Resolution, excluding votes attached to Common Shares beneficially owned by the Related Parties and by their respective associates or affiliates (as such terms are defined in the policies of the TSX Venture Exchange), who hold an aggregate of 14,158,470 Common Shares.

Unless otherwise directed, it is management's intention to vote FOR the Debt Settlement Resolution, unless a shareholder has specified in their form of proxy that the Common Shares represented by such a form of proxy are to be voted against the Debt Settlement Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of (a) the Chief Executive Officer, (b) the Chief Financial Officer, (c) the most highly compensated executive officer of the Company at the end of the most recently completed financial year of the Company whose total compensation was more than \$150,000, and (d) each individual who would be a fit the description under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company and was not acting in a similar capacity, at the end of that financial year (collectively the "**Named Executive Officers**") and for the directors of the Company.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES ⁽¹⁾							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Rahim Bhaloo Executive Chairman and Interim Chief Financial Officer	2023	250,000	Nil	Nil	Nil	Nil	250,000
	2022	250,000	Nil	Nil	Nil	Nil	250,000
Antonio Heredia ⁽⁵⁾ Director	2023	182,696	Nil	Nil	Nil	Nil	182,696
	2022	(US 120,000) ⁽⁵⁾ Nil	Nil	Nil	Nil	Nil	Nil
Paul Pathak Director and Corporate Secretary	2023	82,500	Nil	Nil	Nil	Nil	82,500
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Parks Director	2023	36,000	Nil	Nil	Nil	Nil	36,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Erica Fattore Chief Executive Officer and President	2023	250,000	Nil	Nil	Nil	Nil	250,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Abdulmajeed Bawazeer Chief Strategy Officer	2023	180,000	Nil	Nil	Nil	Nil	180,000
	2022	139,250	Nil	Nil	Nil	Nil	139,250
Lynn Chapman ⁽³⁾ Former Chief Financial Officer	2023	81,000 ⁽²⁾	Nil	Nil	Nil	Nil	81,000
	2022	135,000 ⁽²⁾	Nil	Nil	Nil	Nil	135,000
Roger Daher ⁽⁴⁾ Former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
James Walker ⁽⁴⁾ Former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses. This table includes compensation received by the Named Executive Officers as directors of the Company.
- (2) Compensation is paid to a professional services company of which Mr. Chapman is an employee.
- (3) Mr. Chapman resigned as the Company's Chief Financial Officer on June 30, 2023. Mr. Bhaloo was appointed the Interim Chief Financial Officer in his stead.
- (4) Mr. Daher and Mr. Walker resigned as directors of the Company on February 8, 2022.
- (5) Compensation is paid to a professional services company of which Mr. Heredia is an employee.

Stock Options and Other Compensation Securities

The following table provides a summary of all compensation securities granted or issued to each Named Executive Officer and to each director of the Company during the most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

COMPENSATION SECURITIES							
Name and position	Type of compensation security ⁽²⁾	Number of compensation securities, number of underlying securities, and % of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Paul Pathak Director	Stock options ⁽³⁾	50,000 exercisable for 50,000 Common Shares representing 0.05% of the outstanding number of Common Shares	February 8, 2022	\$0.50	\$0.69	N/A	February 8, 2027

COMPENSATION SECURITIES							
Name and position	Type of compensation security ⁽²⁾	Number of compensation securities, number of underlying securities, and % of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Abdulmajeed Bawazeer	Stock options ⁽³⁾	1,600,000 exercisable for 1,600,000 Common Shares representing 1.76% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Antonio Heredia	Stock options ⁽³⁾	925,000 exercisable for 925,000 Common Shares representing 1.02% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Andrew Parks	Stock options ⁽³⁾	350,000 exercisable for 350,000 Common Shares representing 0.38% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Erica Fattore	Stock options ⁽³⁾	2,750,000 exercisable for 2,750,000 Common Shares representing 3.03% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Paul Pathak	Stock options ⁽³⁾	700,000 exercisable for 700,000 Common Shares representing 0.77% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Rahim Bhaloo	Stock options ⁽³⁾	925,000 exercisable for 925,000 Common Shares representing 1.02% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027
Sebastian Avila	Stock options ⁽³⁾	300,000 exercisable for 300,000 Common Shares representing 0.33% of the outstanding number of Common Shares	February 8, 2022	\$1.00	\$0.69	N/A	February 8, 2027

Notes:

(1) Calculated on a partially diluted basis as at January 31, 2022.

(2) The options vest immediately.

(3) The fair value of each stock option at the date of grant was estimated using the Black-Scholes option pricing model to be consistent with the audited consolidated financial statements and included the following assumptions: share price of \$0.6 dividend yield of 0%, expected volatility of 67%, risk-free interest rate of 1.69%, and an expected life of 5 years.

No compensation securities were exercised by any Named Executive Officer or any director of the Company during the most recently completed financial year of the Company ended January 31, 2023.

Stock Option Plan and other Incentive Plans

The purpose of the Plan is to, among other things, encourage Common Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Stock options may be granted under the Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board.

The number of Common Shares which may be reserved for issue under the Plan is limited to 18,127,700. As at the date hereof 18,127,700 stock options may be reserved for issue pursuant to the Plan and 8,600,000 stock options have been issued.

Any Common Shares subject to a stock option which is exercised, or for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares at the time of grant. Stock options granted under the Plan may be exercised during a period not exceeding 10 years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-transferable. The Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company's capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time. The Plan does not contain any provision for financial assistance by the Company in respect of stock options granted under the Plan.

The Company has no equity compensation plans other than as described in this Circular.

Employment, Consulting and Management Agreements

The material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company or any of its subsidiaries that were performed by a director or named executive officer, or any other party but are services typically provided by a director or a named executive officer, are described in summary form below.

Rahim Bhaloo - Executive Chairman and Interim Chief Financial Officer of to the Company

Rahim Bhaloo serves as Director and Executive Chairman of to the Company. He provides his services in these offices pursuant to an executive employment agreement (the "**Bhaloo Agreement**") dated September 1, 2018, as amended as of December 9, 2020. Under the Bhaloo Agreement, Mr. Bhaloo is entitled to a base salary of \$250,000 per year. The Board also has the discretion to award him an annual bonus, as approved by the Board in its sole discretion. The Annual Bonus is to be based on the achievement of targets as determined by the Board. In the event of a change of control or termination without cause, Mr. Bhaloo is entitled to a termination payment in an amount equal to the sum of (i) an amount equal to 36 months of his annual base salary at the termination date (the "**RB Base Amount**"), (ii) an amount equal to 25% of the RB Base Amount in lieu of lost benefits; and (iii) an amount equal to 50% of the RB Base Amount in lieu of lost bonuses. The estimated incremental payment to Mr. Bhaloo in the event of a change of control or termination without cause is \$1,312,500.

Erica Fattore, President and Chief Executive Officer

Erica Fattore serves as President and Chief Executive Officer of to the Company. She provides her services in these offices pursuant to an executive employment agreement (the "**Fattore Agreement**") dated October 31, 2018. Under the Fattore Agreement, Mr. Bhaloo is entitled to a base salary of \$250,000 per year. The Board also has the discretion

to award him an annual bonus, as approved by the Board in its sole discretion. The Annual Bonus is to be based on the achievement of targets as determined by the Board. In the event of a change of control or termination without cause, Ms. Fattore is entitled to a termination payment in an amount equal to the sum of (i) an amount equal to 16 months of her annual base salary at the termination date (the "**EF Base Amount**"), (ii) an amount equal to 10% of the EF Base Amount in lieu of lost benefits; and (iii) an amount equal to 25% of the EF Base Amount in lieu of lost bonuses. The estimated incremental payment to Ms. Fattore in the event of a change of control or termination without cause is \$583,333.

Abdulmajeed Bawazeer, Chief Strategy Officer

Abdulmajeed Bawazeer serves as Chief Strategy Officer of to the Company. He provides his services in this office pursuant to an executive employment agreement (the "**Bawazeer Agreement**") dated October 1, 2018, as amended as of November 26, 2021. Under the Bawazeer Agreement, Mr. Bawazeer is entitled to a base salary of \$180,000 per year. The Board also has the discretion to award him an annual bonus, as approved by the Board in its sole discretion. The Annual Bonus is to be based on the achievement of targets as determined by the Board. In the event of a change of control or termination without cause, Mr. Bawazeer is entitled to a termination payment in an amount equal to the sum of (i) an amount equal to six months of his annual base salary at the termination date, which six months will increase by an additional one month for each year of employment, which combined total shall not exceed twelve months (the "**AB Base Amount**"), (ii) an amount equal to 10% of the AB Base Amount in lieu of lost benefits; and (iii) an amount equal to 20% of the AB Base Amount in lieu of lost bonuses. The estimated incremental payment to Mr. Bawazeer in the event of a change of control or termination without cause is up to \$195,000.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Company has established a Compensation, Corporate Governance and Nominating Committee (the "**CGN Committee**") and it consists of Antonio Heredia (Chair), Andrew Parks, and Paul Pathak, all of whom are independent. The CGN Committee is responsible for determining the overall compensation strategy of the Company and administering its executive compensation program and is responsible for reviewing the Company's compensation policies and guidelines generally.

Compensation of Named Executive Officers

Principles of Executive Compensation

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Company's executive compensation program:

1. align interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long-term value; and
5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board is responsible for the Company's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Company and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the stock option plan of the Company. The Board also reviews and approves the hiring of executive officers.

Base Salary

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Board, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the stock option plan of the Company.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

Termination and Change of Control Benefits

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a

Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. Other than as disclosed in the section entitled "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*" in this Management Information Circular, the Company is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Company resulting from the resignation, retirement or the termination of employment of such person.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of January 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders ⁽¹⁾	66,246,961	0.87	9,527,700
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	66,246,961	0.87	9,527,700

Notes:

(1) *The Plan is a "fixed" stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the Plan will not exceed 18,127,700. As at the date of this Circular, 18,127,700 stock options may be issued under the Plan, 8,600,000 stock options are issued and outstanding and an additional 9,527,700 Common Shares are reserved for issue and remain available for future issue under the Plan. At the Meeting, shareholders will be asked to approve the Plan.*

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as already disclosed herein, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the management information

circular sent to shareholders in connection with the issuer's annual shareholder meeting. The Company is a "venture issuer" for the purposes of NI 52-110.

Audit Committee Charter

The full text of the charter of the Company's Audit Committee is attached hereto as Appendix "B" (the "**Audit Committee Charter**").

Composition of the Audit Committee

The Audit Committee members are currently Paul Pathak, Andrew Parks (Chair) and Antonia Heredia, each of whom is a director, financially literate and are each independent in accordance with NI 52-110.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Paul Pathak, Director – Mr. Pathak is and has served as a partner of Chitiz Pathak LLP since 1996, a Toronto law firm serving clients in the securities and investment industries, including issuers and dealers on a full range of securities transactions. Mr. Pathak practices principally in the areas of corporate, securities, mergers, acquisitions and commercial law. Mr. Pathak has acted for issuers in a broad range of securities transactions, including initial public offerings, reverse take-overs, establishment of Capital Pool Companies, going-private transactions and numerous financing structures. Mr. Pathak has served as a member of the board of directors of several private and public corporations listed on both Canadian and American stock exchanges. Mr. Pathak currently also serves as a director of Eddy Smart Home Solutions Ltd. (TSXV) and Canaccord Genuity G Ventures Corp. (NEO). Mr. Pathak was called to the Ontario Bar in 1994, having completed his LL.B. at Osgoode Hall Law School in 1992.

Andrew Parks, Director – Mr. Parks is the CEO and a director of Fountain Asset Corp. He was most recently a portfolio manager at a Toronto-based asset management firm and has years of experience as a research analyst and trader. Mr. Parks is a CFA and holds an Honours Bachelor of Business Administration from Wilfrid Laurier University.

Antonia Heredia, Director – Antonio Heredia is a founder and partner of Fundamental Private Markets and leads the efforts in Mexico. He has almost two decades of experience in investing and financial advisory. Prior to founding Fundamental he worked at Capital Group Private Markets, the private equity arm of the Capital Group, based out of London and covering Emerging Markets. He previously worked at Goldman, Sachs & Co. in its investment banking group based in Mexico City and prior to that he worked for J.P. Morgan Securities in its Asset Management Division based in Houston. He participates in diverse capacities at the board of directors of different companies in the consumer space in Latin America. Mr. Heredia received his Masters in Business Administration from the University of Oxford's

Saïd Business School and his B.S. in Industrial and Systems Engineering with compulsory honours classes from ITESM (Tec de Monterrey).

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended January 31, 2023 and January 31, 2022:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended January 31, 2023	300,000	195,324	Nil	Nil
Year ended January 31, 2022	198,763	91,514	22,864	Nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company’s annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly consolidated financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and association fees.

REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the "**Governance Guidelines**") of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Board will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

Board of Directors

The Board is currently composed of four directors. At the Meeting it is proposed that four directors be nominated for election by the shareholders of the Company. *Form 58-101F2 – Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**") requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of

a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. Accordingly, of the proposed nominees, Rahim Bhaloo, Executive Chairman of the Company is considered not to be "independent". The remaining three proposed directors are considered by the Board to be "independent", within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

Directorships

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
Paul Pathak	Eddy Smart Home Solutions Ltd. (TSXV), Canaccord Genuity G Ventures Corp. (NEO)
Andrew Parks	Netramark Holdings Inc., Tony G Co-Investment Holdings Ltd., Fountain Asset Corp.

Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Company's legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members who are familiar with the Company and the nature of its business have been nominated.

Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

Nomination of Directors

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

Compensation, Corporate Governance and Nominating Committee

The CGN Committee members are Antonio Heredia (Chair), Andrew Parks, and Paul Pathak. Each proposed member of the CGN Committee is a director and is "independent" in accordance with NI 52-110. The CGN Committee is responsible for the determining the overall compensation strategy of the Company and administering its executive compensation program. The CGN Committee is also responsible for reviewing the Company's compensation policies and guidelines generally.

The CGN Committee is responsible for identifying individuals qualified to become new board members and to recommend to the Board the individuals to be nominated for election or to be appointed as directors from time to time. In making its recommendations, the CGN Committee considers, among other things: (i) the competencies and skills that the Board of the Company considers to be necessary for the Board, as a whole, to possess; (ii) the diversity of the board composition, including whether targets have been adopted for women, visible minorities, Aboriginal people and people with disabilities on the board or in executive officer positions; (iii) the competencies and skills that the Board

of the Resulting Issuer considers each existing director to possess; (vi) the competencies and skills each new nominee will bring to the boardroom; and (v) whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.

Other Board Committees

At present, the Company does not have any committees other than an Audit Committee and the CGN Committee. The Company has no present intention of creating any other committees, but may do so in the future should the Board become larger.

Assessments

Currently the Board has not implemented a formal process for assessing directors.

OTHER MATTERS

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Shareholders may contact the Company in order to request copies of: (i) this Management Information Circular; and (ii) the Company's consolidated financial statements and the related management's discussion and analysis (the "MD&A") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for its financial years ended January 31, 2023 and January 31, 2022.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Management Information Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Toronto, Ontario, on the 4th day of July, 2023.

BY ORDER OF THE BOARD

"Rahim Bhaloo" (signed)

Executive Chairman

APPENDIX "A"
STOCK OPTION PLAN

See attached.

**PESORAMA INC.
(the “Company”)**

STOCK OPTION PLAN

Dated for Reference JULY 4, 2023f

**ARTICLE 1
PURPOSE AND INTERPRETATION**

1.1 Purpose

The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (as defined herein) (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

1.2 Definitions

In this Plan

- (a) **“Affiliate”** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **“Associate”** has the meaning set out in the Securities Act;
- (c) **“Black-out Period”** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **“Board”** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **“Cause”** means “Just Cause” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its Affiliates, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its Affiliates, then any circumstance that would permit the Company to terminate a Participant’s employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (f) **“Change of Control”** means the occurrence of any of:

- (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its affiliates or subsidiary) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act (Ontario)*) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization
 - (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
 - (iii) the occurrence of a transaction requiring approval of the Company’s security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
 - (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
 - (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture or Toronto Stock Exchange (or, NEX, as the case may be);
- (h) **“Company”** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (j) **“Consultant Company”** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“Date of Termination”** means, for a Service Provider, the last day that the Service Provider actively provides services to the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Service Provider receives pay in lieu of notice, termination pay, severance payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;
- (l) **“Director”** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (m) **“Discounted Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (n) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates or Affiliates;
- (o) **“Distribution”** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (q) **“Employee”** means:
 - (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum of fifteen (15) hours per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;

- (r) **“Exchange Hold Period”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (s) **“Exercise Price”** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (u) **“Insider”** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (w) **“Listed Shares”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (x) **“Management Company Employee”** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;
- (y) **“Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (z) **“NEX”** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (aa) **“NEX Policies”** means the rules and policies of NEX as amended from time to time;
- (bb) **“Officer”** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (cc) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (dd) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule “A” attached hereto;
- (ee) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ff) **“Optionee”** means the recipient of an Option hereunder;
- (gg) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (hh) **“Participant”** means a Service Provider that becomes an Optionee;

- (ii) **“Person”** includes a company, any unincorporated entity, or an individual;
- (jj) **“Plan”** means this stock option plan, the terms of which are set out herein or as may be amended;
- (kk) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (ll) **“Regulatory Approval”** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (mm) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5, or any successor legislation;
- (nn) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (oo) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (pp) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (qq) **“Take Over Bid”** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;
- (rr) **“TSX Venture”** means the TSX Venture Exchange and any successor thereto;
- (ss) **“TSX Venture Policies”** means the rules and policies of the TSX Venture as amended from time to time; and
- (tt) **“VWAP”** means the volume weighted average trading price of the Company’s Common Shares on the TSX Venture calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

1.3 Other Words and Phrases

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

1.4 Gender

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 STOCK OPTION PLAN

2.1 Establishment of Stock Option Plan

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

2.2 Maximum Plan Shares

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan is 18,127,700 as of July 4, 2023.

2.3 Eligibility

Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its Affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 Options Granted Under the Plan

All Options granted under the Plan will be evidenced by an Option Commitment in substantially in the form attached as Schedule “A” (or in such other form as determined by the Company), showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

2.5 Limitations on Issue

Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) the aggregate number of Listed Shares reserved for issuance under Options, together with all other Share Compensation Arrangements, granted to any one Service Provider in any 12 month period must not exceed 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Listed Shares reserved for issuance under Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture. All Service Providers conducting Investor Relations Activities may not receive any Security Based Compensation (as such term is defined in TSXV Policies) other than Options;
- (c) the aggregate number of Listed Shares reserved for issuance under Options, together with all other Share Compensation Arrangements, granted to Insiders, as a group, must not exceed 10% of the Outstanding Shares at any point in time

(unless the Company has obtained the requisite Disinterested Shareholder Approval);

- (d) the aggregate number of Listed Shares reserved for issuance under Options, together with all other Share Compensation Arrangements, granted to Insiders, as a group, within any 12-month period must not exceed 10% of the Outstanding Shares, calculated as at the date the Options are granted or issued to any Insider (unless the Company has obtained the requisite Disinterested Shareholder Approval); and
- (e) the aggregate number of Listed Shares reserved for issuance under Options, together with all other Share Compensation Arrangements, granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or the NEX, as the case may be)..

2.6 Exercised and Unexercised Options

In the event an Option granted under the Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

2.7 Administration of the Plan

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder;
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Furthermore, the Company and the Board must ensure and confirm that the Optionee is a bona fide Service Provider.

2.8 Amendment of the Plan by the Board of Directors

Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture;
- (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market; and
- (e) such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

2.9 Amendments Requiring Disinterested Shareholder Approval

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) at any point in time, the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the aggregate number of Optioned Shares issuable to Insiders within any 12-month period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the aggregate number of Optioned Shares issuable to any one Optionee, within any 12-month period, exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

2.10 Options Granted Under the Company's Previous Stock Option Plans

Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Exercise Price

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

3.2 Term of Option

The term of an Option will be set by the Board at the time such Option is allocated under the Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Option Amendment

Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2

Except as provided under TSX Venture Policies, any proposed amendment to the terms of an Option must comply with the TSX Venture Policies and be approved by the TSX Venture prior to the exercise of such Option.

3.4 Vesting of Options

Subject to Section 3.5, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities

Notwithstanding Section 3.4, Options granted to any Service Provider conducting Investor Relations Activities will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;

- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

3.6 Effect of Take-Over Bid or Change of Control

If a Take Over Bid is made to the shareholders generally, or the Company is involved in a transaction which will result in a Change of Control, the Company may, upon the announcement of the Take Over Bid or Change of Control, as applicable, unless provision is made by the acquiring corporation for the assumption of each Option or the substitution of a substantially equivalent option therefor, give written notice thereof to each Optionee holding Options under this Plan (excluding Options granted to a Person engaged in Investor Relations Activities) and such Optionees shall be entitled to exercise his, her or its Options to the extent previously unexercised, regardless of whether such Optionee would otherwise be entitled to exercise such Options, to such extent at that time, within the 30 day period immediately following the giving of such notice. Any Options not exercised within such 30 day period will immediately terminate and be of no force and effect.

3.7 Acceleration of Vesting on Take Over Bid or Change of Control

In the event of a Take Over Bid or Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the announcement of the Take Over Bid or Change of Control, as applicable, excluding Options granted to a Person engaged in Investor Relations Activities.

3.8 Extension of Options Expiring During Blackout Period

Should the Expiry Date for an Option fall within a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.8, the tenth Business Day period referred to in this Section 3.8 may not be extended by the Board.

3.9 Optionee Ceasing to be Director, Employee or Service Provider

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and

- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

3.10 Non Assignable

Subject to Section 3.9(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

3.11 Adjustment of the Number of Optioned Shares

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital

reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.11;

- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.11, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under the Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

4.1 Option Commitment

Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

4.2 Manner of Exercise

An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to Section 4.4.

4.3 Cashless Exercise

Subject to the provisions of the Plan (including, without limitation, Section 4.4), once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) A “net exercise” whereby Options, excluding Options held by any Investor Relations Service Provider, as defined in TSX Venture Policies, are exercised without the Participant making any cash payment so the Company does not receive any cash from the exercise of the subject Options, and instead the Participant receives only the number of underlying Common Shares that is equal to the quotient obtained by dividing: (A) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options; by (B) the VWAP of the underlying Common Shares; or
- (b) a broker assisted “cashless exercise” in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 4.3 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.4 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in Section 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

4.5 Delivery of Optioned Shares and Hold Periods

As soon as practicable after receipt of the notice of exercise described in Section 4.2 or Section 4.3 as applicable, and payment in full for the Optioned Shares being acquired, the Company will

direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders and Consultants of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

ARTICLE 5 GENERAL

5.1 Employment and Services

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

5.2 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

5.3 Interpretation

The Plan will be governed and construed in accordance with the laws of the Province of Ontario.

5.4 Continuation of Plan

The Plan will become effective from and after the date first set out above, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

5.5 Amendment of the Plan

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals.

SCHEDULE "A"
STOCK OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, _____ pursuant to the provisions of the Stock Option Plan (the "**Plan**") of PesoRama Inc. (the "**Company**"), the Company has granted to _____ (the "**Optionee**"), an Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. (Toronto Time) on the _____ day of _____, _____ (the "**Expiry Date**"), or such earlier date as determined in accordance with the terms of the Plan, at an Exercise Price of Cdn\$_____ per share.

[Optioned Shares are to vest immediately.]

OR

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule "B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a "net exercise" basis or "cashless exercise" basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company's Board of Directors approves the exercise on a "net exercise" basis or "cashless exercise" basis, deliver a written notice and comply with such other conditions as established by the Company for a "net exercise" or "cashless exercise". A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [*insert date 4 months from the date of grant*"]."

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture Exchange (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture Exchange (or the NEX, as the case may be) on the date of this Option Commitment.

PESORAMA INC.

Authorized Signatory

[Insert name of Optionee]

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

Signature of Optionee:

Date signed:

Signature

Print Name

Address

SCHEDULE "B"
TO STOCK OPTION PLAN

PESORAMA INC.
217 Queen Street West, Suite 401
Toronto, Ontario M5V 0R2

Re: Employee Stock Option Exercise

Attention: Stock Option Plan Administrator, [•]

This letter is to inform [•] that I, _____, wish to exercise _____ options, at _____ per share, on this _____ day of _____, 202____.

Payment issued in favour of [•] for the amount of \$_____ will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: _____

Address: _____

Please send share certificate to:

Name: _____

Address: _____

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

APPENDIX "B"
AUDIT COMMITTEE CHARTER

See attached.

SCHEDULE “B”

AUDIT COMMITTEE CHARTER

Primary Objective

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities to: (i) review financial reports and financial information provided to any regulatory authority or provided for release to the public and the Corporation’s shareholders; (ii) review the Corporation’s disclosure control systems; (iii) review the Corporation’s internal control systems with respect to finance, accounting and legal compliance; and (iv) review the Corporation’s accounting and financial reporting processes.

Composition

The Committee shall be composed of not less than three (3) directors, the majority of whom shall be independent and ‘unrelated’, as determined by the Board of Directors in accordance with applicable legislation and any requirements of such exchanges on which the securities of the Corporation are traded. The Committee’s composition shall be in compliance with the stated requirements of Multilateral Instrument 52-110 “Audit Committees” and any amendments thereto.

All members of the Committee shall be financially literate and have a working familiarity with basic accounting and finance practices.

All members of the Committee shall be appointed by the Board of Directors at such time as shall be determined and shall serve until their successors are duly appointed. Any member may be removed or replaced by direction of the Board of Directors and shall in any event cease to be a member of the Committee forthwith upon such member ceasing to be a director of the Corporation. Committee members shall be entitled to such remuneration for serving on the Committee as may from time to time be determined by the Board.

Meetings

The members of the Committee so appointed shall elect from among their number a Chairman of the Committee. Such Chairman will appoint a secretary with responsibility for maintaining minutes of all meetings. The Secretary shall not be required to be a member of the Committee or a director of the Corporation and can be changed at any time upon notice from the Chairman.

The Committee shall meet as many times as it in its discretion deems necessary to discharge its responsibilities but in no event shall the Committee meet less than four (4) times per year. The time at which, and the place where, Committee meetings are held, the calling of the meetings and the procedure in respect of such meetings shall be determined by the Committee, unless provisions to the contrary are contained in the Corporation’s by-laws or other constating documents or the Board of Directors shall determine otherwise. No business may be transacted unless a quorum of the Committee is present, the majority of the members of the Committee comprising such quorum. If the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.

The Committee may invite or require the attendance at any meeting of such officers and employees of the Corporation, internal and external legal counsel or such other persons as the Committee deems necessary in order for the Committee to discharge its duties and responsibilities. The external independent auditors of the Corporation should be requested and, if deemed necessary, required to attend meetings of the Committee and to make presentations to the Committee as is deemed appropriate.

The Committee shall meet not less than once annually with the Corporation's independent auditors and without the presence of management. The Committee shall also meet with the independent auditors and management at least quarterly to review the Corporation's financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and any press releases related thereto.

Notwithstanding the foregoing, and subject to the Corporation's constating documents, governing legislation and applicable regulatory and exchange rules, the Chairman of the Committee may exercise the powers of the Committee between meetings if required. In the event the Chairman does so exercise such powers, the Chairman shall immediately report in writing to the members of the Committee the actions or decisions taken in the name of the Committee and the same shall be recorded in the minutes of the Committee.

Duties and Responsibilities

- periodically review and, as required, recommend to the Corporation's Governance Committee any revisions or updates to this Mandate for the Governance Committee to forward to the Board of Directors for approval and implementation
- review interim quarterly financial statements and the audited annual financial statement, including related Management's Discussion and Analysis of Financial Condition and Results of Operations, together with any press releases related thereto and make a recommendation to the Board of Directors for approval and implementation.
- discuss and review with management all financial information and earnings guidance which may be provided to the public in advance of the provision of such communication
- satisfy itself, on behalf of the Board of Directors, that all quarterly and annual financial results, and attendant Management's Discussion and Analysis of Financial Condition and Results of Operations, present fairly the financial condition of the Corporation and are in accordance with generally accepted accounting principles
- act as an independent and objective party to monitor the Corporation's financial reporting process and the system of internal controls, including, as required, inspection of all books and records of the Corporation and its subsidiaries, discussion of such accounts and records and the financial position of the Corporation with senior management and the auditors of the Corporation and its subsidiaries and the commissioning of such reports or supplemental information as may be required in relation to the above
- recommend to the Board of Directors the appointment, retention, termination and compensation of the Corporation's independent auditors
- evaluate and oversee the work of the Corporation's independent auditors, including receipt and review of all reports and recommendations
- review the independent auditor's reports of all critical accounting policies and practices to be used, alternative treatments of financial information within generally accepted accounting principles, ramifications and use of alternative disclosures and treatments and other communications between the independent auditors and the Corporation's management
- satisfy itself on behalf of the Board of Directors as to the 'independence from management' of the external auditors, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies
- ensure the independent auditor's rotation of the audit partner satisfies all regulatory requirements

- annually review and evaluate the performance of the Corporation's independent auditors and the audit partner, including opinions of management, and make such recommendations to the Board of Directors as appropriate
- review the annual audit plan and such advice as may be provided with respect to management and internal controls
- monitor the Corporation's internal accounting controls, information gathering systems and management reporting of internal control systems
- review with management and the independent auditors the relevance and appropriateness of the Corporation's accounting policies, recommended changes and approval thereof
- satisfy itself that the Corporation has implemented appropriate systems of internal control over financial reporting and the safeguarding of the Corporation's assets; review "risk management" procedures, including the identification of significant risks and the establishment of appropriate procedures to manage such risks; monitor corporate performance in light of acceptable risks
- review and approve the Corporation's communication and disclosure policies and controls and monitor compliance therewith
- review and approve the Corporation's investment and treasury policies and monitor compliance therewith
- review the annual proposed budget prepared by the Corporation's executive and make a recommendation to the Board of Directors for approval and implementation
- perform such other activities consistent with the Corporation's constituting documents, governing law and regulatory and exchange requirement as may be requested by the Board of Directors

PesoRama Inc.
(Formerly Skyscape Capital Inc.)
Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian dollars)

To the Shareholders of PesoRama Inc.:

Opinion

We have audited the consolidated financial statements of PesoRama Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and January 31, 2022, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and used negative cash flows from operations during the year ended January 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of inventory

As at January 31, 2023, the Company held inventory of \$4.65 million. The Company's inventory at the warehouse and stores consist of merchandise purchased and held for resale and are valued at the lower of cost and net realizable value. The cost of inventory is determined on a weighted-average basis. Cost of inventory includes amounts paid to suppliers, duties, and freight into the warehouse as well as costs directly associated with warehousing, distribution to stores, and receiving at stores. The Company estimates its inventory provisions based on a variety of factors, including quantities of slow-moving or carryover seasonal merchandise on hand, future merchandising plans, inventory shrinkage, and product expiry or obsolescence where applicable.

Due to the level of management estimation involved in determining the inventory provision, we have determined that inventory valuation is a key audit matter.

We responded to this matter by performing audit procedures over the valuation of inventory. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained an understanding of the Company's controls and tested the design and implementation of management controls over the valuation of inventory.
- Performed inventory count observations to ensure that obsolete inventory was properly identified and segregated.
- Evaluated the appropriateness of the Company's inventory provision method.
- Tested the mathematical accuracy of management's valuation method and supporting calculations.
- Tested the underlying data used in management's inventory provision.
- Assessed the reasonability of management's assumptions by considering relevant historical information and information subsequent to year-end.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jo-Ann Lempert.

Montréal, Québec

May 31, 2023

MNP LLP¹

¹ FCPA auditor, public accountancy permit no. A122514

PESORAMA INC.
Consolidated Statements of Financial Position
As of January 31, 2023 and 2022

<i>(Expressed in Canadian dollars)</i>	January 31, 2023	January 31, 2022
ASSETS		
Current assets		
Cash	\$ 3,019,481	\$ 891,030
Restricted Cash	-	5,335,170
Taxes receivable (Note 7)	41,872	729,133
Deposits to suppliers	99,310	172,774
Prepaid expenses and other receivables	275,646	99,090
Inventory (Note 6)	4,647,583	2,527,650
Total current assets	8,083,892	9,754,847
Non-current assets		
Taxes receivable (Note 7)	2,473,261	-
Property and equipment (Note 8)	3,851,738	3,972,252
Intangible assets (Note 9)	16,647	6,673
Security deposits	220,044	150,686
Right-of-use assets (Note 10)	4,151,728	3,905,930
Total non-current assets	10,713,418	8,035,541
Total assets	\$ 18,797,310	\$ 17,790,388
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,725,399	\$ 5,136,724
Subscription Receipts	-	5,311,322
Current portion of lease liabilities (Note 10)	1,686,593	1,053,016
Total current liabilities	6,411,992	11,501,062
Non-current liabilities		
Lease liabilities (Note 10)	3,649,147	3,749,199
Convertible debentures (Note 11)	-	6,017,477
Derivative financial instrument (Note 11)	-	1,280,082
Total non-current liabilities	3,649,147	11,046,758
Total liabilities	10,061,139	22,547,820
Shareholders' Deficit		
Share capital (Note 12)	36,001,926	17,507,813
Warrants reserve (Note 13)	4,457,980	588,684
Share-based compensation reserve (Note 14)	1,886,901	223,483
Accumulated other comprehensive income (loss)	1,223,938	(182,664)
Deficit	(34,834,574)	(22,894,748)
Total shareholders' equity	8,736,171	(4,757,432)
Total liabilities and shareholders' equity	\$ 18,797,310	\$ 17,790,388

Nature of operations (Note 1)

Commitments and contingencies (Note 21)

See accompanying notes to the consolidated financial statements.

PESORAMA INC.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2023 and 2022

<i>(Expressed in Canadian dollars)</i>	2023	2022
Sales	14,528,826	9,350,177
Cost of sales		
Inventory expensed (Note 6)	8,707,347	6,439,575
Inventory write-downs (recoveries) (Note 6)	(270,056)	686,483
Distribution costs	1,241,874	693,097
Gross profit	4,849,661	1,531,022
General, administrative, and store operating expenses (Note 18)	10,308,504	6,185,190
Depreciation and amortization (Note 18)	3,279,380	2,619,172
Operating loss	(8,738,223)	(7,273,340)
Financing costs (Note 18)	891,605	2,024,078
Listing expense (Note 5)	3,730,224	-
Other items (Note 18)	(1,420,226)	1,775,396
Net loss	(11,939,826)	(11,072,814)
Currency translation adjustment	1,406,602	(175,282)
Net comprehensive loss	(10,533,224)	(11,248,096)
Basic and diluted loss per share	(0.16)	(0.23)
Weighted average number of common shares outstanding – basic and diluted	73,094,118	48,787,836

See accompanying notes to the consolidated financial statements.

PESORAMA INC.
Consolidated Statements of Shareholders' Equity
For the years ended January 31, 2023 and 2022

		Number of Common Shares (Note 12)	Share capital (Note 12)	Warrants reserve (Note 13)	SBC reserve ⁽¹⁾ (Note 14)	AOCL ⁽²⁾	Deficit	Total
<i>(Expressed in Canadian dollars)</i>								
Balance 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	Note 5	2,000,000	1,600,000	-	-	-	-	1,600,000
Stock options issued pursuant to the RTO Transaction	Note 14 (i)	-	-	-	73,492	-	-	73,492
Units issued for subscription receipts, net	Note 12 (i)(ii)	10,035,170	7,495,564	1,950,717	-	-	-	9,446,281
Units issued in connection with private placement, net	Note 12 (viii)(ix)	17,760,264	2,118,251	389,641	-	-	-	2,474,034
Finder's warrants			(33,858)	33,858	-	-	-	-
Shares issued for structuring fee	Note 12 (iii)	1,750,000	1,400,000	-	-	-	-	1,400,000
Shares and warrants issued upon conversion of convertible debentures	Note 12 (iv)	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
Shares issued upon exercise of warrants	Note 12 (v)(vi)(vii)	950,000	47,500	-	-	-	-	47,500
Warrants issued for over-allotment option	Note 13 (iv)	-	-	65,561	-	-	-	65,561
Share-based compensation	Note 14 (ii)(iii)	-	-	-	1,589,926	-	-	1,589,926
Currency translation adjustment		-	-	-	-	1,406,602	-	1,406,602
Net loss for the year		-	-	-	-	-	(11,939,826)	(11,939,826)
Balance January 31, 2023		90,638,503	36,001,926	4,457,980	1,886,901	1,223,938	(34,834,574)	8,736,171
Balance January 31, 2021		47,139,610	17,447,504	513,028	223,483	(7,382)	(11,821,934)	6,354,699
Shares issued upon exercise of warrants	Note 12 (x)(xi)(xii)	2,503,601	60,309	(858)	-	-	-	59,451
Warrants issued with convertible debentures	Note 13 (xii)	-	-	76,514	-	-	-	76,514
Currency translation adjustment		-	-	-	-	(175,282)	-	(175,282)
Net loss for the year		-	-	-	-	-	(11,072,814)	(11,072,814)
Balance January 31, 2022		49,643,211	17,507,813	588,684	223,483	(182,664)	(22,894,748)	(4,757,432)

(1) Share-based compensation reserve

(2) Accumulated other comprehensive loss

See accompanying notes to the consolidated financial statements.

PESORAMA INC.
Consolidated Statements of Cash Flows
For the year ended January 31, 2023 and 2022

<i>(Expressed in Canadian dollars)</i>	2023	2022
Operating Activities		
Net loss for the year	(11,939,826)	(11,072,814)
Adjustments for items not affecting cash:		
Depreciation and amortization (Note 8 and 9)	1,947,552	1,444,497
Depreciation, right-of-use assets (Note 10)	1,331,828	1,174,675
Share-based compensation (Note 14)	1,589,926	-
Interest on lease liabilities (Note 10)	699,414	714,677
Interest on convertible debentures (Note 11)	14,427	503,122
Accretion on convertible debentures (Note 11)	18,047	574,708
Unrealized loss on derivative liability (Note 11)	-	9,022
Non-cash portion of listing expense (Note 5)	3,697,074	-
VAT reserve adjustment (Note 7)	(1,316,642)	1,788,795
(Recovery) write-down of inventory (Note 6)	(270,056)	686,483
Changes in non-cash working capital items		
Taxes receivable	(234,876)	(694,937)
Deposits to suppliers	93,203	(158,209)
Prepaid expenses and other receivables	(161,919)	(68,469)
Inventory	(1,328,949)	1,018,971
Security deposits	(42,719)	(1,670)
Accounts payable and accrued liabilities	(1,459,215)	1,845,601
Cash used in operating activities	(7,362,731)	(2,235,548)
Investing Activities		
Purchase of property and equipment (Note 8)	(1,273,161)	(2,372,854)
Purchase of intangible assets (Note 9)	(12,440)	(15,933)
Cash acquired from RTO Transaction (Note 5)	10,064	-
Cash used in investing activities	(1,275,537)	(2,388,787)
Financing Activities		
Proceeds received from issuance of units, net (Note 12, 13)	4,211,784	-
Proceeds received from issuance of over-allotment warrants, net (Note 13)	65,561	-
Proceeds from exercise of warrants (Note 13)	47,500	59,451
Proceeds received from private placement of units, net (Note 12)	2,474,034	-
Proceeds received for convertible debentures issued, net (Note 11)	-	6,272,738
Cash received for subscription receipts, net (Note 12)	-	5,311,322
Lease payments (Note 10)	(1,907,443)	(1,235,463)
Cash provided by financing activities	4,891,436	10,408,048
Cash, beginning of year	6,226,200	642,402
Effect of foreign currency translation on cash	540,113	(199,915)
Net (decrease) increase in cash	(3,746,832)	5,783,713
Cash, end of year	3,019,481	6,226,200

See accompanying notes to the 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 take over 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 5 for further details.

Through PesoRama’s wholly owned subsidiaries, PesoRama Holdings Inc., Canmex Dollar Stores, S.A. de C.V. (“Canmex”), Joi Canadian Stores, S.A. de C.V. (“Joi”), PesoRama Stores Services, S.A. de C.V., 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. During the year ended January 31, 2023, the Company expanded their product offering by adding two additional price points thus becoming part of the multi-price point segment of the retail market.

References within these 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 consolidated 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 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 consolidated financial statements have been prepared on a 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 year ended January 31, 2023, the Company incurred a net loss of \$11.9 million (2022 - \$11.1 million) and used \$7.4 million of cash in operating activities (2022 – \$2.2 million). As of January 31, 2023, the Company had working capital of \$1.7 million (2022 – working capital deficiency of \$1.7 million). The Company will need to raise additional financing in the near term to continue operations, fund its working capital needs and fund its expansion strategy consisting of opening additional stores during the foreseeable future.

1. NATURE OF OPERATIONS (continued)

Going concern (continued)

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 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

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 31, 2023.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements.

The consolidating entities include:

	% of ownership	Jurisdiction
PesoRama Inc.	Parent	Canada
PesoRama Holdings Inc.	100%	Canada
Canmex Dollar Stores, S.A.de C.V.	100%	Mexico
Joi Canadian Stores, S.A. de C.V.	100%	Mexico
PesoRama Consulting Services, S.A. de C.V.	100%	Mexico
PesoRama Stores Services, S.A de C.V. (inactive at year-end)	100%	Mexico

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These 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.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation.

Adjustments have been made to: (i) the consolidated statements of loss and comprehensive loss to provide additional details of the inventory expensed and to reclassify balances between cost of merchandise sold and impairment taken on inventory in the prior year, and to re-classify amounts within the general, administrative and store operating expenses (Note 18) to provide a breakdown of store and office costs. (ii) the consolidated statements of shareholders’ deficit to combine number and value of shares issued upon exercise of warrants (iii) the consolidated statement of cash flows to combine VAT reserves and inventory impairment with tax receivables and inventory balances and to combine issuance costs with debt and equity balances.

These reclassifications had no effect on the reported net cash flows used in operating and financing activities included in the consolidated statements of cash flows, and had no effect on the reported loss and comprehensive loss for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash in the consolidated statement of financial position is comprised of cash and short-term deposits, which have an original maturity of three months or less or are readily convertible into a known amount of cash. As at January 31, 2023 and 2022, the Company had no cash equivalents.

Inventory

The Company's inventory at the warehouse and stores consists of merchandise purchased and held for resale and is valued at the lower of cost and net realizable value.

Cost is determined on a weighted-average basis. Cost of inventory includes amounts paid to suppliers, duties, and freight into the warehouse as well as costs directly associated with warehousing, distribution to stores, and receiving at stores.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net realizable value is the estimated selling price in the ordinary course of business less the estimated directly attributable selling costs.

Foreign currency transactions and translation

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of such transaction. At each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. Foreign exchange gains and losses are recognized in the consolidated statement of loss and comprehensive loss.

At the financial reporting date, the foreign subsidiaries' assets and liabilities are translated into the presentation currency at the reporting date exchange rate. Revenues, expenses, and cash flows are translated at the average exchange rate for the year. Shareholders' equity is translated at the rate effective at the time of the transaction. The resulting translation adjustments are recognized in other comprehensive income (loss) ("OCI") and in accumulated OCI in shareholders' equity.

Cost of sales

Cost of sales includes the cost of inventory purchased, inbound transportation costs, warehousing, distribution costs and receiving costs at the stores.

Advances/Deposits

Advances are stated at their cost and represent advance payments to vendors for store merchandise. As of January 31, 2023, the deposits to suppliers balance is \$99,310 (2022 - \$172,774).

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. An item of property or equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end and adjusted if appropriate. Property and equipment are depreciated through the consolidated statement of loss and comprehensive loss over their estimated useful lives using the straight-line method:

Type of assets	Estimated useful life
Communication equipment	36 months
Computer hardware	36 months
Furniture and equipment, office and stores	10 years
Leasehold improvements	40 months

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible assets consist of costs incurred to acquire software licenses, brands for which the Company owns the intellectual property, and other intangible assets. Intangible assets are considered finite-lived assets and recorded at cost less accumulated amortization and accumulated impairment, if any. Subsequent expenditures are capitalized only when they increase the expected future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives. Software in development is not amortized until it is ready for use but is tested for impairment at a minimum on an annual basis and whenever events or circumstances indicate that an impairment may have occurred.

Type of assets	Estimated useful life
Software license	1 year
Brand names	20 years
Software in Development	1 year

Impairment of Long-Lived Assets

Property and equipment and definite-lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable value is the greater of an asset's fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.

Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

Leases

As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the consolidated statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the consolidated statements of loss and comprehensive loss.

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for early termination of the lease, if the Company is reasonably certain to terminate early.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate. The Company also evaluates any renewal options included in a lease contract and the likelihood of exercising a lease renewal when assessing the lease term and total payments.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when the expected lease payments change as a result of a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the Company's control. The Company recognizes the amount of any remeasurement of a lease liability as an adjustment to the right-of-use-asset. If the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company shall recognize any remaining amount of the remeasurement in the consolidated statement of loss and comprehensive loss.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of loss and comprehensive loss. Short-term leases are leases with a lease term of 12 months or less.

Equity

Share-based payment transactions

The Company grants warrants and options under its share-based compensation plan to employees, consultants, directors, and others providing similar services.

The fair value of options granted is measured at the grant date using an option-pricing model. Subsequently, the fair value expected to vest is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Equity instruments granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received, unless the fair value cannot be reliably measured, and charged to the consolidated statement of loss and comprehensive loss over the vesting period.

In the case of a subsequent change to the life of a share-based compensation grant, the Company remeasures the instrument to reflect the change.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit placements

Proceeds from unit placements are allocated between common shares (the “Shares”) and subscriber warrants issued using the residual method. Under the residual method, proceeds received are first allocated to the most reliably measurable component. In past unit placements, this has been identified as subscriber warrants based on the fair value estimated at the grant date based on the Black-Scholes pricing model with the residual amount allocated to the Shares. Transaction costs of equity transactions are treated as a deduction from equity.

In the case of a subsequent change to the life of a subscriber warrant or any other equity instrument related to unit placements, the Company does not remeasure the instrument.

Loss per Share

The Company presents the basic and diluted earnings or loss per share data for the shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares. Diluted loss per share is equal to basic loss per share when any effects of the potential convertible debentures, warrants, and options would be anti-dilutive.

Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Provisions are recognized when (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount of the obligation can be made. The Company bases its provisions on up-to-date developments, estimates of the outcomes of the matters and legal counsel experience in contesting, litigating, and settling matters. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized when control of a good or service is transferred to a customer. The Company uses the five-step contract-based analysis of transactions to determine when, if, and how much revenue can be recognized. The five steps include: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. The revenues of the Company come from the sale of products that are recognized at a point in time. Sales of products are recognized in the consolidated statement of loss and comprehensive loss by the Company when control of the goods has been transferred, i.e., when the customer tenders payment and takes possession of the merchandise at the stores and all obligations have been fulfilled. Revenue is shown net of sales tax, returns and discounts.

Current tax

Current tax is recognized and measured at the amount expected to be recovered from or payable to the tax authorities based on the income tax rates enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates are recognized in the consolidated statement of loss and comprehensive loss or in equity depending on the item to which the adjustment relates. Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the consolidated statement of loss and comprehensive loss when incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and subsequent measurement

On initial recognition, financial assets are classified as at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit and loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange, and derecognition are recognized in the consolidated statement of loss and comprehensive loss. Financial assets measured at amortized cost are comprised of security deposits.
- FVOCI - Assets held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in the consolidated statement of loss and comprehensive loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the consolidated statement of loss and comprehensive loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at FVTPL. All interest income and changes in the financial assets' carrying amount are recognized in the consolidated statement of loss and comprehensive loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and restricted cash.
- Designated at FVTPL — On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding each group of financial assets at the level of aggregation that best reflects the way the group of financial assets is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest based on their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company applies the simplified approach for all financial assets measured at amortized cost. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all default events over the assets' contractual lifetime.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire or are settled.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in the consolidated statement of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities which are classified at amortized cost are measured at amortized cost using the effective interest rate method. Interest, gains or losses relating to a financial liability are recognized in the consolidated statement of loss and comprehensive loss. The derivative liability, which is classified as FVTPL, is subsequently measured at fair value with any resulting gain or loss in fair value changes recognized immediately in the consolidated statement of loss and comprehensive loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, are cancelled, or expire.

The following table indicates the accounting method used for measurement and classification of financial assets and liabilities:

Financial asset/liability	Asset/Liability	Measurement	Classification
Cash and cash equivalents	Asset	Fair value	FVTPL
Restricted cash	Asset	Fair value	FVTPL
Security deposits	Asset	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Liability	Amortized cost	Amortized cost
Subscription receipts	Liability	Amortized cost	Amortized cost
Convertible debentures	Liability	Amortized cost	Amortized cost
Derivative liability	Liability	Fair value	FVTPL

Convertible Debentures and Derivative Financial Instruments

The Company has certain convertible debentures with associated embedded derivative financial instruments as a result of the conversion feature. An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If a hybrid contract contains a host that is a financial asset, the entire hybrid contract is measured at FVTPL. If a hybrid contract contains a host that is not a financial asset, embedded derivatives are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. Subsequent changes in fair value are recorded in the consolidated statement of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The convertible debenture issued by the Company is a hybrid financial instrument that can be converted into units of the Company at the option of the holder, each unit is comprised of a common share and a purchase warrant. The hybrid financial instrument is recognized as a liability, with the initial carrying value of the convertible debenture (host) being the residual amount of the proceeds after separating the derivative component, which is recognized at fair value. The value of the Company's derivative financial instruments is determined using a fair value model that considers, among other variables, expected value at the date of the liquidity event, probability of the liquidity event occurring at various dates, and likely value of common shares received at date of the liquidity event. Any directly attributable transaction costs are allocated to the host and derivative components in proportion to their initial carrying amounts with the portion attributed to the derivative component being expensed in the consolidated statement of loss and comprehensive loss.

Subsequent to initial recognition, the host component of the hybrid financial instrument is measured at amortized cost using the effective interest method. The derivative component of the hybrid financial instrument is measured at FVTPL. Subsequent changes in fair value are recorded in the consolidated statements of loss and comprehensive loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, 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.

Valuation of inventory

Inventory includes items that have been marked down to management's best estimate of their net realizable value, with the markdown included in cost of sales in the year in which it is determined. The Company estimates its inventory provisions based on a variety of factors, including quantities of slow-moving or carryover seasonal merchandise on hand, future merchandising plans, inventory shrinkage, and product expiry or obsolescence where applicable. The accuracy of the Company's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends.

Changes to the inventory provisions and especially shrinkage can have a material impact on the results of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate for initial measurement of real estate leases, as the implicit rates are not readily available due to the lessor not disclosing the fair value of underlying assets (including the lessor's initial direct costs). The incremental borrowing rate is the interest rate the Company would pay to borrow funds over a comparable term for an asset of comparable value in a comparable economic environment. In determining the period the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. See Note 10 for further disclosures and details regarding the Company's leases.

The Company considers renewal options included in leasing contracts and the likelihood of lease renewal when assessing lease terms and total payments. All of the Company's store leases have a renewal option. The Company opens stores both in established malls and as standalone retail locations. Each approach has advantages and disadvantages that the Company is currently evaluating on a location-by-location basis. Certain stores in one type of location may ultimately be moved to the other type, depending on future store performance. Therefore, because of the relative recency of the Company's store openings and the Company's approach of opening both mall-based and standalone stores, at January 31, 2023 the Company is not yet able to reasonably determine whether it will exercise renewal options in its existing stores and thus has not included any renewal options in evaluating the lease term. The Company will continue to assess the probability of renewing each of its leases at a minimum each reporting period.

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to:

- The expected use of the asset;
- In the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost; and
- Renewal history.

If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual depreciation and amortization expense, and future impairment charges or recoveries.

Share based compensation and warrants

All equity-settled, share-based awards and warrants issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation and warrants, estimates have to be made regarding the fair value of the underlying share(s), expected volatility in share's fair value, option life, dividend yield, risk-free rate, estimated life, and estimated forfeitures at the initial grant date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Provisions

The Company bases its provisions on up-to-date developments, estimates of the outcomes of pending matters, and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Company may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity.

Convertible Debentures and Derivative Financial Instruments

The Company measures its derivative financial instruments at FVTPL using a fair value model that considers variables that are subject to managements estimates, judgments, and assumptions including, expected value at the date of the liquidity event, probability of the liquidity event occurring at various dates, and likely value of shares received at the date of the liquidity event.

Since the value of the Company's convertible debentures is determined using a residual amount of the proceeds after separating the derivative liability component, changes in the variables used to measure the derivative financial instrument also impact the initial value of the convertible debentures. Additionally, judgement is required in estimating an appropriate discount rate to amortize its convertible debentures. The discount rate is based on market interest rates for similar non-convertible debentures.

Income Taxes

Provisions for income 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 differs from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Significant areas where management's judgment has been applied

Functional currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of an entity if there is a significant change in the events and/or conditions which determine the primary economic environment. Based on the Company's review, no change to the functional currency of the Company or any of its subsidiaries was necessary.

Subsidiaries	Country of incorporation	Ownership	Functional currency
PesoRama Holdings Inc.	Canada	100%	Canadian Dollar (CAD)
Canmex Dollar Stores, S.A. de C.V.	Mexico	100%	Mexican Peso (MXN)
Joi Canadian Stores, S.A. de C.V.	Mexico	100%	Mexican Peso (MXN)
PesoRama Consulting Services, S.A. de C.V.	Mexico	100%	Mexican Peso (MXN)
PesoRama Stores Services, S.A de C.V.	Mexico	100%	Mexican Peso (MXN)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Taxes Receivable

The Company both collects and pays Mexico's Value-Added Tax ("VAT") for goods sold and goods and services received, respectively, in Mexico. The Company also pays Canada's Goods and Services Tax ("GST") for services received in Canada. The Company's status as a filer of VAT and GST means that it is required to file regular tax returns (monthly for VAT, quarterly for GST) with the appropriate government authority. Because the Company's primary operations are in Mexico, GST filings in Canada are straightforward and minimal. However, VAT filings in Mexico are of greater financial significance and complexity.

The Company has filed all VAT returns in a timely manner and is in the process of requesting refunds where applicable. In Mexico, this is a separate process from tax filing and is frequently time- and effort-intensive. The Company has engaged a tax specialist to assist in VAT-refund filings for certain prior periods. As at January 31, 2023, the refund-filing process had begun and several periods had been requested for which refunds have been received. See Note 7 for more information.

As a result of the uncertainty surrounding refunds for the earlier periods, the Company recorded a reserve during the year ended January 31, 2022 for a portion of the month's receivable estimated to be uncollectible. During the year ended January 31, 2023 the Company reperfomed their assessment which, after taking into account the recent collections, resulted in a recovery of previously recognized reserves.

Impairment of Long-lived Assets

For the purposes of measuring recoverable values for impairment calculation purposes, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash inflows. The determination of individual CGUs is based on management's judgment regarding shared infrastructure, geographical proximity and similar exposure to market risk. At January 31, 2023, the Company has assessed that each of its stores constitute a CGU. For the year ended January 31, 2023 and 2022, no impairments were recognized for any of the identified CGUs.

5. REVERSE TAKE OVER 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 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 PesoRama'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's historical shareholders. Accordingly, the RTO Transaction has been recorded in these consolidated financial statements using a basis of accounting as summarized below:

- a) The historical equity of the Company 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 the consolidated statement of loss and comprehensive loss for the year ended January 31, 2023;

5. REVERSE TAKE OVER TRANSACTION (“RTO”) (continued)

- b) The accumulated deficit and other equity balances presented in these consolidated financial statements are those of Old PesoRama;
- c) The assets and liabilities of Old PesoRama are included in these consolidated financial statements on a pre-transaction basis of accounting;
- d) The net assets of PesoRama were measured at their estimated fair value on the RTO Date; and
- e) Comparative information presented in these 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:

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

- (1) 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 director of the Company is also a partner.
- (2) 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 12, 15.

6. INVENTORY

As of January 31, 2023, the Company maintained finished goods inventory of \$4,647,583 (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 year ended January 31, 2023, was \$8,707,347 (2022 - \$6,439,575). During the year ended January 31, 2023, there was a recovery of \$270,056 from inventory write-downs recognized in previous years (2022 - write-down of \$686,483).

7. TAXES RECEIVABLE

As at January 31, 2023, taxes receivable classified as current assets consists of goods and services tax (“GST”) of PesoRama and taxes receivable classified as long-term assets consists of net value added tax (“VAT”) of Joi, Canmex and Pesorama Consulting. As at January 31, 2022 taxes receivable classified as a current asset consisted of GST of PesoRama and VAT of JOI, Canmex and Pesorama Consulting. 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. The Company is in the process of claiming VAT refunds for Joi, Canmex and Pesorama Consulting accumulated from prior operating periods. During the year-ended January 31, 2023, the Company recognized a recovery of \$1.3 million on reserves previously recognized against VAT receivable. After an outstanding reserve against VAT receivable of \$nil recorded as of January 31, 2023 (2022 - \$2 million), the balance of taxes receivable as of January 31, 2023 and January 31, 2022 is as follows:

The table summarizes VAT balances as of January 31, 2023 and 2022:

Legal Entity	Tax Type	January 31, 2023	January 31, 2022
PesoRama Inc.	GST	19,198	55,339
PesoRama Holdings	GST	22,674	-
Canadian GST Receivable		41,872	55,339
Joi Canadian Stores, S.A. de C.V.	VAT	2,170,993	2,319,187
Joi Canadian Stores, S.A. de C.V. - VAT Receivable Reserve		-	(1,991,993)
Canmex Dollar Stores, S.A. de C.V.	VAT	368,193	438,386
Canmex Dollar Stores, S.A. de C.V. - VAT Receivable Reserve		-	-
Pesorama Consulting Services, S.A. de C.V.	VAT	(65,925)	(91,786)
Mexican VAT Receivable		2,473,261	673,794
Total Receivable		2,515,133	729,133

PESORAMA INC.

Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

8. PROPERTY AND EQUIPMENT

As at January 31, 2023 and 2022, the balances of the Company's property and equipment are as follows:

Cost	Furniture and equipment, office	Furniture and 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	15,901	296,072	86,723	13,953	860,512	1,273,161
Foreign exchange	5,962	135,007	49,330	13,316	818,051	1,021,666
As at January 31, 2023	67,635	1,151,655	425,704	106,661	6,553,964	8,305,619
Accumulated Depreciation						
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	(4,758)	(97,915)	(104,792)	(28,756)	(1,707,151)	(1,943,372)
Foreign exchange	(1,195)	(27,036)	(23,135)	(10,536)	(410,067)	(471,969)
As at January 31, 2023	(16,452)	(248,496)	(235,531)	(92,390)	(3,861,012)	(4,453,881)
Net book value						
As at January 31, 2022	35,273	597,031	182,047	26,294	3,131,607	3,972,252
As at January 31, 2023	51,183	903,159	190,173	14,271	2,692,952	3,851,738

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

9. INTANGIBLE ASSETS

As at January 31, 2023 and 2022 the balances of the Company's intangible assets are as follows:

Cost	Software Licenses	Brand Names	Software in Development	Total
As at January 31, 2021	203,554	-	81,603	285,157
Capital expenditures	11,789	4,144	-	15,933
Impairment (i)	-	-	(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	3,972	6,245	2,223	12,440
Foreign exchange	32,681	1,063	187	33,931
As at January 31, 2023	247,495	11,449	2,410	261,354
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	(3,824)	(356)	-	(4,180)
Foreign exchange	(32,171)	(46)	-	(32,217)
As at January 31, 2023	(244,195)	(512)	-	(244,707)
Net book value				
As at January 31, 2022	2,642	4,031	-	6,673
As at January 31, 2023	3,300	10,937	2,410	16,647

(i) Software in development represented work performed by a third-party contractor to improve the Company's software for tracking sales and inventory at its stores as well as create interfaces to the general ledger. During the year ended January 31, 2022, the Company determined that it would move to upgraded ERP and accounting systems in the future; as a result, the work previously in development was determined to have no future economic value and was written off.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

10. LEASES

The leases of the Company relate to 22 store leases and 2 office leases.

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	1,065,415
Foreign exchange	965,084
As at January 31, 2023	8,066,635
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	1,331,828
Foreign exchange	452,873
As at January 31, 2023	3,914,907
Net Book Value	
At as January 31, 2022	3,905,930
As at January 31, 2023	4,151,728

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

10. LEASES (continued)

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	1,065,415
Interest on lease liability	699,414
Lease payments	(1,907,443)
Foreign exchange	676,139
As at January 31, 2023	5,335,740
Current portion	1,686,593
Non-current portion	3,649,147
Total lease liability	5,335,740

The table below summarizes the remaining expected lease payments as at January 31, 2023:

<i>Fiscal Years</i>	
2024	2,143,490
2025	1,983,681
2026	1,239,180
2027	505,475
2028	112,280
Thereafter	308,713
Less: imputed interest	(957,079)
Present value of lease liabilities	5,335,740

11. 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 earliest 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 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 components 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.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

11. CONVERTIBLE DEBENTURES (continued)

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 for two years from the date of issuance. Refer to Note 12 and 13 for additional details.

The components of the Company's Debentures as at January 31, 2023 are as follows:

	Liability Component	Derivative Liability	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	18,047	-	18,047
Conversion of debt at RTO date	(6,049,951)	(1,280,082)	(7,330,033)
Balance, January 31, 2023	-	-	-

12. 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 of January 31, 2023 are as follows:

	Common shares	Amount (\$)
Balance, January 31, 2021	47,139,610	17,447,504
Shares issued through warrant exercise (x)(xi)(xii)	2,503,601	60,309
Balance, January 31, 2022	49,643,211	17,507,813
Shares issued pursuant to the RTO Transaction (Note 5)	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 upon warrant exercise (v)(vi)(vii)	950,000	47,500
Shares issued upon closing of unit private placement (viii)(ix)	17,760,264	2,084,393
Balance, January 31, 2023	90,638,503	36,001,926

12. SHARE CAPITAL (continued)

For the year ended January 31, 2023

- (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. The Company incurred total cash share issuance costs of \$37,914 of which \$23,848 were incurred during the year ended January 31, 2022. 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 \$4,268,135, before issuance costs, was allocated to the 5,335,170 common shares issued. Additionally, total cash issuance costs of \$30,331, were allocated to the common shares, of which \$20,434 were incurred during the year ended January 31, 2022, for a total net amount of \$4,237,804 recognized as attributed to the common shares. See Note 13 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 addition to the units previously issued. A value of \$3,760,000 before issuance costs, was allocated to the 4,700,000 common shares with the remaining balance allocated to warrants using residual method. On completion of the Offering, PesoRama paid a cash commission of \$474,150 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 with an assessed fair value of \$76,825, using the Black-Sholes option pricing model, for total issuance costs paid of \$550,975. 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 composed of cash share issuance costs of \$440,780 and Agent Offering Warrants value allocated of \$61,460 were attributed to the common shares, for a total net amount recognized of \$3,257,760. See Note 13 for further details regarding the Offering Warrants.
- (iii) On November 19, 2021, PesoRama, Old PesoRama, Fundamental HS, S.C. (“Fundamental”), Antonio Heredia (a partner of Fundamental and director of the Company), 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 at a fair value of \$0.80 for a total of \$\$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 with the remaining balance allocated to warrants using residual method.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

12. SHARE CAPITAL (continued)

- (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 amount was reclassified from warrants reserve to share capital as these warrants were initially valued at nil.
- (vi) On June 16, 2022, 750,000 milestone warrants were exercised to purchase 750,000 common shares at \$0.05 per share for cash proceeds received of \$37,500. No amount was reclassified from warrants reserve to share capital as these warrants were initially valued at nil.
- (vii) On September 23, 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 amount was reclassified from warrants reserve to share capital as these warrants were initially valued at nil.
- (viii) On December 30, 2022, the Company closed the first tranche of a non-brokered private placement issuing an aggregate of 5,939,333 units at a price of \$0.15 per unit for aggregate gross proceeds of \$890,900. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. A value of \$653,327 before issuance costs, was allocated to the 5,939,333 common shares with the remaining balance allocated to warrants based on residual method. The Company incurred cash share issuance costs of \$59,388 and issued 395,920 finders' warrants with a fair value of \$8,164 determined using the Black Scholes pricing model. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until December 30, 2025. The issuance costs of \$67,552 were allocated to share capital.
- (ix) On January 23, 2023, the Company closed the second tranche of a non-brokered private placement issuing an aggregate of 11,820,931 units at a price of \$0.15 per unit for aggregate gross proceeds of \$1,773,140. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. A value of \$1,654,930 before issuance costs, was allocated to the 11,820,931 common shares. The Company incurred cash share issuance costs of \$130,618 and issued 685,365 finders' warrants with a fair value of \$25,694 determined using the Black Scholes pricing model. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until December 30, 2025. The issuance costs of \$156,312 were allocated to share capital.

For the year ended January 31, 2022

- (x) 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.
- (xi) 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.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

12. SHARE CAPITAL (continued)

- (xii) 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.

13. WARRANTS

The following table reflects the changes in warrants issued and outstanding up to January 31, 2023:

	Warrants	Weighted average exercise price (\$)
Balance, January 31, 2021	26,682,280	0.71
Issued (xii)(xiii)	341,294	1.24
Cancelled (xviii)	(2,500,000)	0.001
Exercised (xiv)(xv)(xvi)(xvii)	(2,503,601)	0.02
Balance, January 31, 2022	22,019,973	0.88
Issued (i)(ii)(iii)(iv)(vii)(viii)	38,398,077	0.78
Exercised (v)(vi)(vii)	(950,000)	0.05
Expired	(2,325,000)	0.05
Balance, January 31, 2023	57,143,050	0.86

As at January 31, 2022, the following warrants were outstanding

Exercise price (\$)	Number of warrants	Weighted average remaining contractual life in years
0.001	2,500,000	1.3
0.05	3,275,000	*
0.40	816,000	1.8
0.75	755,091	1.8
0.85	5,034	0.9
0.85	475	1.7
1.00	186,060	1.8
1.25	58,000	1.7
1.25	14,423,628	1.8
0.88	22,019,288	1.46

* Milestone warrants are exercisable until: a) the milestone warrant holder ceases to act in their capacity as director, officer, employee, or consultant of the Company; b) the milestone warrant holder is terminated by the Company

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

13. WARRANTS (continued)

As at January 31, 2023, the following warrants were outstanding:

Exercise price (\$)	Number of warrants	Weighted average remaining contractual life in years
0.001	2,500,000	0.29
0.15	1,081,285	2.96
0.30	17,760,264	2.96
0.40	816,000	1.02
0.75	755,091	1.02
0.85	6,194	0.24
1.00	502,560	1.02
1.25	33,721,656	1.02
0.86	57,143,050	1.63

For the year ended January 31, 2023

- (i) On November 19, 2021, the Company completed a non-brokered private placement offering of an aggregate of 5,335,170 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. 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 \$1,067,035, before issuance costs, was allocated to the subscriber warrants using residual method. Additionally, total issuance costs of \$7,583 were allocated to the subscriber warrants, of which \$3,414 were incurred during the year ended January 31, 2022, for a total net amount of \$1,059,452 recognized as attributed to the subscriber warrants. See Note 12 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 issuances costs of \$48,736 was attributed to the Offering Warrants, composed of cash share issuance costs of \$33,370 and Agent Offering Warrants value allocated of \$15,365, for total net amount recognized of \$891,265. Included in the issuance costs of the Offering was 316,500 Agent Offering Warrants issued to the 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 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 2 years. The fair value of the Agent Offering Warrants was allocated proportionately between the common shares issued and the Offering Warrants. See Note 12 for further details regarding the common shares issued.

13. WARRANTS (continued)

- (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. Each warrant is exercisable into one common share of the Company at a price of \$1.25 per share for a period of 24 months following the RTO Date. 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 using residual method.
- (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 common share purchase warrants in the Resulting Issuer (the "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 \$4,939 which have been netted against the value of the warrants issued. 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.
- (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 amount was reclassified from warrant reserve to share capital as these warrants were initially valued at nil
- (vi) On June 16, 2022, 750,000 milestone warrants were exercised to purchase 750,000 common shares at \$0.05 per share for cash proceeds received of \$37,500. No amount was reclassified from warrant reserve to share capital as these warrants were initially valued at nil.
- (vii) On September 23, 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 amount was reclassified from the warranty reserve to share capital as these warrants were initially valued at nil.
- (viii) On December 30, 2022, the Company closed the first tranche of a non-brokered private placement issuing an aggregate of 5,939,333 units at a price of \$0.15 per unit for aggregate gross proceeds of \$890,900. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. A value of \$237,573 was allocated to the 5,939,333 warrants. On December 30, 2022, in connection with the closing of the first tranche of the Company's non-brokered private placement, the Company issued 395,920 finders' warrants with a fair value of \$8,164 determined using the Black Scholes pricing model and the following assumptions: dividend yield 0%, risk-free

13. WARRANTS (continued)

interest rate of 3.82%, expected volatility of 38%, stock price of \$0.11, and expected life of 3 years. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until December 30, 2025.

- (ix) On January 23, 2023, the Company closed the second tranche of a non-brokered private placement issuing an aggregate of 11,820,931 units at a price of \$0.15 per unit for aggregate gross proceeds of \$1,773,140. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. A value of \$118,210, was allocated to the 11,820,931 common shares. On January 23, 2023, in connection with the closing of the first tranche of the Company's non-brokered private placement, the Company issued 685,365 finders' warrants with a fair value of \$25,694 determined using the Black Scholes pricing model and the following assumptions: dividend yield 0%, risk-free interest rate of 3.41%, expected volatility of 38%, stock price of \$0.14, and expected life of 3 years. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until January 23, 2026.
- (x) During the year ended January 31, 2023, the weighted average share price at the date of exercise of warrants was \$0.29.

For the year ended January 31, 2022

- (xi) 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.

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 11, 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.

13. WARRANTS (continued)

- (xii) In connection with the first tranche of its Debenture offering (see Note 11), 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.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) On August 16, 2021, the employment of PesoRama's CEO was terminated. A total of 2,500,000 outstanding performance warrants held by the CEO were cancelled immediately upon termination of employment. Each warrant was exercisable into one common share of the Company for \$0.001 per share.
- (xviii) During the year ended January 31, 2022, the weighted average share price at the date of exercise of warrants was \$0.02. The exercise price was assumed to approximate fair value since the shares were not yet publicly traded.
- (xix) 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

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

13. WARRANTS (continued)

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.

- (xx) 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

14. STOCK OPTIONS

The following table reflects the options issued and outstanding up to January 31, 2023:

	Number of options	Weighted average exercise price (\$)
Balance, January 31, 2021	1,800,000	0.04
Cancelled (iv)(v)	(950,000)	0.04
Balance, January 31, 2022	850,000	0.04
Issued pursuant to the RTO Transaction (i)	200,000	0.50
Granted (ii)	7,950,000	1.00
Forfeited (iii)	(400,000)	1.00
Balance, January 31, 2023	8,600,000	0.72

For the year ended January 31, 2023

- (i) On February 8, 2022, upon completion of the RTO Transaction as outlined in Note 5, Old PesoRama issued 200,000 stock options to replace PesoRama stock options. Out of a total 200,000 options, 50,000 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, while the remaining 150,000 stock options can be exercised at a price of \$0.50 per option to acquire one common share any time until February 8, 2023. Using the Black-Scholes option pricing model the 200,000 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 \$0.60, and expected life of 1.0 years.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

14. STOCK OPTIONS (continued)

- (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. During the year ended January 31, 2023, the Company recognized share-based compensation expense on these options of \$1,607,199 (gross of reversal as per sub note (iii)).
- (iii) During the year ended January 31, 2023, 400,000 stock options, previously granted on February 8, 2022 to certain employees, were forfeited upon their departure. At the time of the forfeiture, none of the options had vested resulting in a reversal of the share-based compensation expense of \$17,273. Each option was exercisable into one common share of the Company at \$1.00 per share.

For the year ended January 31, 2022

- (iv) 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.
- (v) On August 16, 2021, the employment of PesoRama's CEO was terminated. A total of 400,000 vested but unexercised options held by the CEO were cancelled immediately upon termination of employment.

The estimated fair value of stock options granted in February 2022 was based on a Black-Scholes option pricing model with the following weighted average assumptions:

Expected forfeiture rate	10%
Risk-free interest rate	1.69%
Expected dividend yield	0%
Expected stock price volatility	67%
Expected option life	5 years
Fair value of options granted	\$0.269

During the year ended January 31, 2023, the Company recognized \$1,589,926 (2022 - \$nil) in share-based compensation expense (net of reversal as per sub note (iii)).

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

14. STOCK OPTIONS (continued)

The following table reflects the options issued and outstanding as at January 31, 2023:

Exercise price (\$)	Number outstanding	Weighted average remaining life (years)	Number exercisable
0.40	850,000	0.75	850,000
0.50	200,000	0.02	200,000
1.00	7,550,000	4.02	-
0.72	8,600,000	3.61	1,050,000

15. RELATED PARTIES

During the years ended January 31, 2023 and 2022, there were separate related party transactions as follows:

- (i) Management fees of \$837,534 (2022 - \$525,003) relating to the key management personnel were incurred during the year ended January 31, 2023. Professional fees for accounting services of \$81,000 (2022 – \$1,129) were incurred during the year ended January 31, 2023, to the professional services company of which prior Chief Financial Officer is an officer and significant shareholder. As of January 31, 2023, all fees had been paid.
- (ii) Directors' and consulting fees of \$301,469 (2022 - \$33,750) were recognized in professional fees during the year ended January 31, 2023, of which \$224,857 remained in account payable and accrued liabilities as of January 31, 2023 (2022 - \$nil).
- (iii) 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.
- (iv) On August 16, 2021, 400,000 stock options and 2,500,000 performance warrants held by the former CEO were cancelled in connection with his termination.
- (v) On November 19, 2021, PesoRama, Old PesoRama, Fundamental HS, SC, Antonio Heredia (a partner of Fundamental and director of the Company), 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 at a fair value of \$0.80 per share. The fair value of the shares issued is \$1,400,000. The Company incurred professional fees of \$89,588 for the year ended January 31, 2023, in connection with legal services which were provided by a law firm of which a certain director of the Company is also a partner. As at January 31, 2023, the Company had \$97,026 in account payable and accrued liabilities for amounts owed to this law firm. As at January 31, 2023, accounts payable balance also included a total of \$702,000 for legal services provided by a law firm of which a previous director of the Company is also a partner (Note 21).

15. RELATED PARTIES (continued)

- (vi) The Company incurred share-based compensation for options issued to key management personnel of \$1,589,926 during the year ended January 31, 2023 (2022 - \$nil).

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

As at January 31, 2023, the Company's financial instruments consist of cash, restricted cash, 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

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, restricted cash, security deposits and accounts payable and accrued liabilities approximate their respective fair values based on level 1 due to the short-term maturities of those instruments. The carrying amount of the convertibles debentures approximated its fair value based on level 2 as it is the present value calculated using a market rate that was determined during the year ended January 31 2023, 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 January 31, 2023, 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 10 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.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at January 31, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	4,725,399	-	-
Lease liability	2,143,490	3,840,616	308,713
	6,868,889	3,840,616	308,713

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. As at January 31, 2023, 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. A change of 5% in the CAD/MXN exchange rate on January 31, 2023, would not have a material impact on net loss.

Credit risk

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, restricted cash, 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 year ended January 31, 2023, would not have had a significant impact on the consolidated financial statements. Furthermore, the Company was not exposed to interest rate risk on its interest-bearing debentures given these debt instruments were converted into common shares during the year ended January 31, 2023.

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

17. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's store operations and growth in Mexico. The Company is dependent upon funding these activities through a combination of available cash, debt, and equity, which it considers to be the components of its capital structure.

The Company manages its capital structure and adjusts it based on changes in economic conditions and the risk characteristics of its assets. To maintain or adjust the capital structure, from time to time the Company may issue or repurchase Shares or other securities, acquire or dispose of assets, or adjust its capital spending to manage current and projected debt levels.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. To maximize ongoing development efforts, the Company does not pay out dividends. With the exception of restricted cash that was held in connection with the subsequent subscription receipts until the RTO Date, there are no external restrictions on the Company's capital.

18. EXPENSES BY NATURE

	Year ended	
	January 31, 2023	January 31, 2022
General, administrative and store operating expenses		
Management and director's fees	942,789	584,163
Salaries, wages, and benefits	3,572,632	2,426,350
Subcontracted employees	15,720	552,020
Professional fees	2,183,554	1,366,132
Brokerage fees	-	13,825
Investor relations	472,676	69,964
Office expenses	617,295	406,110
Security and monitoring	17,510	116,237
Repairs and maintenance	9,006	17,593
Share-based compensation (Note 14)	1,589,926	-
Store expenses (i)	730,705	552,359
Travel expenses	122,024	42,024
Marketing and promotion	34,667	38,413
Total	10,308,504	6,185,190
Depreciation and amortization		
Depreciation (Note 8)	1,943,372	1,272,486
Amortization, intangible assets (Note 9)	4,180	172,011
Depreciation, right-of-use assets (Note 10)	1,331,828	1,174,675
Total	3,279,380	2,619,172

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

18. EXPENSES BY NATURE (continued)

	Year ended	
	January 31, 2023	January 31, 2022
Financing costs		
Interest on lease liabilities (Note 10)	699,414	714,677
Interest on convertible debentures (Note 11)	14,427	503,122
Accretion on convertible debentures (Note 11)	18,047	574,708
Transaction costs related to derivative liability (Note 11)	-	115,000
Unrealized loss on derivative liability (Note 11)	-	9,022
Bank and other finance charges	138,653	85,047
Foreign exchange loss	21,064	22,502
Total	891,605	2,024,078
Other items		
Interest income	(3,209)	(757)
VAT adjustment (reserve recovery)	(1,316,642)	1,788,795
Other income	(100,375)	(12,642)
Total	(1,420,226)	1,775,396

(i) The store expenses balance includes utilities, communication systems, repairs and maintenance and variable and non-indexed rental expenses that are excluded from the lease liability under IFRS 16.

19. OPERATING SEGMENTS

The company's retail operations in Mexico constitute its sole reportable segment, but it has assets in both Canada and Mexico.

	Canada	Mexico	Total
Year ended January 31, 2023			
Revenue	-	14,528,826	14,528,826
Non-current assets	15,451	10,697,967	10,713,418
Year ended January 31, 2022			
Revenue	-	9,350,177	9,350,177
Non-current assets	12,827	8,022,714	8,035,541

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

20. INCOME TAX

Reconciliation of effective tax rate

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada for the years ended January 31, 2023 and 2022, of 26.5% to income before income taxes. A reconciliation of this difference is presented below.

	2023	2022
	\$	\$
Net loss before taxes	(11,939,826)	(11,072,814)
Domestic statutory rate	26.50%	26.50%
Expected tax recovery	(3,164,054)	(2,934,296)
Effect of tax rate in foreign jurisdiction	(97,532)	(277,584)
Share-based compensation and other	421,330	-
Other permanent differences	373	180
Deferred tax asset not recognized	2,839,883	3,211,700
Income taxes	-	-

Recognized deferred tax assets

The following table summarizes the components of deferred tax as of January 31, 2023 and 2022:

	2023	2022
	\$	\$
Deferred Tax Assets:		
Derivative liability - Canada	-	314,726
Non-capital loss carryforwards – Canada	722	-
Lease liabilities - Canada	1,324	-
Net operating loss carryforwards - Mexico	7,697	26,864
Lease liabilities - Mexico	1,149,841	1,172,540
Deferred Tax Liabilities:		
Convertible debentures - Canada	-	(314,726)
Property and equipment – Canada	(420)	-
Right-of-use assets - Canada	(1,626)	-
Prepaid expenses - Mexico	(7,697)	(26,864)
Right-of-use assets - Mexico	(1,149,841)	(1,172,540)
	-	-

PESORAMA INC.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2023 and 2022

20. INCOME TAX (continued)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2023	2022
	\$	\$
Canada		
Non-capital loss carryforwards	14,207,105	8,921,117
Derivative liability	-	92,436
Financing costs	1,252,925	1,167,823
Property and equipment	4,614,673	25,346
	20,074,703	10,206,722
Mexico		
Net operating loss carryforwards	17,318,704	9,317,126
Inventory	367,238	22,643
Taxes receivable	-	641,755
Property and equipment	2,795,312	804,849
Intangible assets	46,300	43,444
Accounts payable	99,876	446,470
Lease liabilities	1,084,996	896,866
	21,712,426	12,173,153
	41,787,129	22,379,875

The non-capital loss carry forwards expire as noted in the table below in CAD:

Canada		
	2039	935,554
	2040	2,161,810
	2041	3,064,988
	2042	3,535,317
	2043	4,512,161
		14,209,831
Mexico		
	2040	1,787,627
	2041	3,387,972
	2042	5,007,497
	2043	7,161,267
		17,344,362

21. COMMITMENTS AND CONTINGENCIES

Commitments

As of January 31, 2023, the Company had planned expenditures of \$349,483 associated with the construction of their new store location expected to open in fiscal 2024. The Company also had retail stores and office lease commitments outstanding, which have been recorded as lease liabilities of \$5,335,740 in the consolidated financial statements (see Note 10).

Additionally, at January 31, 2023, the Company had inventory purchase commitments of \$349,386. All these commitments are expected to be fulfilled and paid within the next twelve months.

Contingencies

Legal Claim for Unpaid Professional Fees

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 \$702,000 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 ("MTO") 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. However, the maximum estimated financial claim is approximately MXN \$1,790,000 (equivalent to \$117,245 CAD).

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

As at January 31, 2023, Joi had open legal claims from three former Joi employees. At this point in time, the Company is unable to determine the outcome nor able to reasonably estimate potential financial results from these proceedings. However, the maximum estimated financial claim is approximately MXN \$811,360 (equivalent to \$53,144 CAD).

21. COMMITMENTS AND CONTINGENCIES (continued)

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 and its directors for wrongful termination, interference with contractual relations, engagement in civil conspiracy, abuse of civil process, oppressive conduct, and breach of fiduciary and other duties. The claim seeks non-monetary compensation in the amount of 8,750,000 common shares of the 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.

The Company strongly disagrees with all the Former CEO’s positions, believes that the claims are without merit and intend to vigorously defend themselves against the Former CEO’s claims. 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 (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 \$361,000 of unpaid director compensation fees. The Defendant disagrees with all of the Plaintiffs’ positions, believes that the claim is without merit and continues to vigorously defend itself against the Plaintiffs’ claim.

Legal Action from Former CFO

On July 20, 2022, the former CFO of Joi, Canmex and Pesorama Consulting filed a claim with the Local Labour Board in Mexico against Joi, Canmex, Pesorama Consulting and management for wrongful termination. The claim seeks monetary damages of MXN \$2.5 million (CAD \$176,000).

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Management's Discussion and Analysis

The following discussion and analysis is management's assessment of the results and financial condition of PesoRama Inc. (the "Company" or "PesoRama"). The following information should be read in conjunction with the Company's audited consolidated financial statements for the years ended January 31, 2023, and 2022 and accompanying notes, all of which are available on PesoRama's issuer profile on SEDAR at www.sedar.com. The date of this management's discussion and analysis ("MD&A") is May 31, 2023. Unless otherwise indicated, all financial data in this MD&A has been 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. This MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. All dollar amounts are stated in Canadian Dollars unless otherwise indicated.

Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements") about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or other future events or developments. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "projects", "forecasts", "budgets", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on information currently available to management and on estimates and assumptions made by management regarding, among other things, general economic conditions and the competitive environment within the retail industry in Mexico, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the following factors which are discussed in greater detail in the "Risks and Uncertainties" section of this MD&A: future increases in operating costs (including increases in statutory minimum wages); future increases in merchandise costs (including as a result of inflation and tariff disputes); inability to sustain assortment and replenishment of merchandise; increase in the cost or a disruption in the flow of imported goods; failure to maintain brand image and reputation; disruption of distribution infrastructure; inventory shrinkage; inability to renew store, warehouse and head office leases on favorable terms; inability to increase warehouse and distribution center capacity in a timely manner; seasonality; market acceptance of private brands; failure to protect trademarks and other proprietary rights; foreign exchange rate fluctuations; potential losses associated with using derivative financial instruments; level of indebtedness and inability to generate sufficient cash to service debt; changes in creditworthiness and credit rating and the potential increase in the cost of capital; interest rate risk associated with variable rate indebtedness; competition in the retail industry; disruptive technologies; general economic conditions; departure of senior executives; failure to attract and retain quality employees; disruption in information technology systems; inability to protect systems against cyber-attacks; unsuccessful execution of the growth strategy; holding company structure; adverse weather; pandemic or epidemic outbreaks; natural disasters; climate change; geopolitical events and political unrest in foreign countries; unexpected costs associated with current insurance programs; product liability claims and product recalls; litigation; regulatory and environmental compliance; and shareholder activism.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

These factors are not intended to represent a complete list of the factors that could affect the Company; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's consolidated financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as at May 31, 2023 and management has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

All the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Non-GAAP Measures

Certain financial measures used in this MD&A refer to certain non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented to provide shareholders and potential investors with additional measures for analyzing the Company's ability to generate funds to finance its operations and information regarding its liquidity. We believe that these measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. These measures are provided as additional information to complement those IFRS measures by providing a further understanding of results of operations from management's perspective and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The below-described non-GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Refer to the section below for definitions of non-GAAP measures, as per National Instrument 52-112, Non-GAAP and Other Financial Measures, and for a reconciliation of the non-GAAP measures used and presented by the Company to the most directly comparable GAAP measures. In particular, Product Gross Margin, Adjusted EBITDA and EBITDA are non-GAAP measures.

Overview

PesoRama Inc. (formerly Skyscape Capital Inc.) was incorporated under the Business Corporations Act (Ontario) on January 9, 2018. 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".

The Company is the ultimate parent company of its wholly owned Mexican subsidiaries through which PesoRama operates "dollar stores" in Mexico offering consumers a wide variety of products with focus on the value/dollar segment of the retail market. As at the date of this MD&A, the Company operates 21 stores. Stores average 5,400 square feet and offer a wide variety of private label general merchandise seasonal items, consumables, and branded products. Merchandise is sold in individual or multiple units at select, fixed price points up to MXN \$50. All stores are corporately operated and are strategically located in high-traffic areas such as shopping centers and strip malls in the greater Mexico City and surrounding area with plans to eventually expand to other areas of Mexico.

The Company's strategy is to grow sales, operating income, net earnings, earnings per share and cash flows by expanding its Mexican store network, by being a first-mover brand in what management views as an underserved and growing Mexican dollar-store industry, and by providing value for customers through its broad product offerings, value proposition and enhanced shopping experience.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

To date, PesoRama had opened up and is currently operating 21 stores, located in high-traffic shopping centers in Mexico City. As part of its current expansion strategy, PesoRama plans to open additional stores in Mexico City and its surrounding areas before also expanding its stores into other regions of Mexico. Factors which may impact the Company's ability to execute its expansion strategy are discussed below. See Strategy and Corporate Structure Risks.

All of PesoRama's JOI Canadian Stores are located at sites leased from third party landlords. PesoRama expects to continue to lease its store locations as it expands its stores. The average length of the term of PesoRama's store location leases is five years, with a five-year renewal option. In the future, as store leases expire, PesoRama believes it will be able to obtain lease renewals, if desired, for present store locations, or to obtain leases for comparable or better locations in the same general area. PesoRama believes this leasing strategy enhances its flexibility to pursue various expansion and relocation opportunities resulting from changing market conditions.

Company Events

Reverse Take-Over

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 take-over transaction 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.

Through PesoRama's wholly-owned subsidiaries, Canmex Dollar Stores, S.A. de C.V. ("Canmex"), JOi Canadian Stores, S.A. de C.V. ("JOi"), Pesorama Consulting Services, S.A. de C.V. ("Pesorama Consulting"), (and Pesorama Stores Services, S.A de C.V. ("Pesorama Stores")), 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. During the year ended January 31, 2023, the Company expanded their product offering by adding two additional price points thus becoming part of the multi-price point segment of the retail market. References within this MD&A 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 this MD&A 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 this MD&A are those of the Private Company, as the financials are a continuance of Old PesoRama. In connection with the RTO, the Company recognized a one-time listing expense of \$3,730,224 in the audited annual consolidated statements of loss and comprehensive loss for the year ended January 31, 2023.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

RTO Financing Transaction

In connection with the RTO Transaction, the Company completed an overall financing, whereby PesoRama issued a total of 10,035,170 units ("Units") at \$1 per unit for total gross proceeds received of \$10,035,170. Each Unit consists of one PesoRama common share and one PesoRama common share purchase warrant. Events constituting this financing were as follows:

- (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. In connection with the offering, the Company incurred total cash share issuance costs of \$37,914 of which \$23,848 were incurred during the year ended January 31, 2022.
- (ii) Under the terms of an agency agreement, the Company completed a prospectus offering (the "Offering") through a syndicate of agents (the "Agents") and issued 4,700,000 common shares and 4,700,000 subscriber warrants at the close of the RTO Transaction. On completion of the Offering, PesoRama paid a cash commission of \$474,150 and issued 316,500 PesoRama subscriber warrants (the "Agent Warrants") to the Agents. Each Agent Warrant entitles the holder thereof to purchase one PesoRama common share at a price of \$1.00 per share until February 2027.

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 for a period of 30 days from the date of the RTO, 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 common shares at a price of \$0.90 per share, or as share purchase warrants at a price of \$0.10 per warrant. On March 8, 2022, the Agents exercised the Over-Allotment Option to purchase 705,000 share purchase warrants for aggregate gross proceeds to the Company of \$70,500. Each warrant entitles the holder to purchase one common share at a price of \$1.25 per share for a period of 24 months following the date of the RTO. In the event that the volume-weighted average price of the common shares on the Exchange is equal to or greater than \$2.00 over a 10 consecutive trading day period, the Company may, within 10 business days following such period, accelerate the share purchase warrant expiry date by issuing a news release to the date that is 30 days following the issuance of the news release. The Company incurred issuance costs of \$4,939 which have been netted against the value of the warrants issued.

Stock Options Grant

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.

PesoRama Debenture Financing

On March 2, 2021, PesoRama closed the first tranche of its senior unsecured convertible debenture financing (the "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

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

proceeds of \$1,160,000. Total cash transaction fees on the three tranches were \$529,780, for net proceeds of \$6,172,220, before finders warrants. The Debentures had an annual interest rate of 9.875% compounding semi-annually and had a maturity date of March 2, 2023 (the "Maturity Date") for the first two tranches and December 30, 2023 (the "December Maturity Date") for the third tranche. The Company, at its sole discretion, had the option to redeem the debentures at any time prior to their applicable 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 shares, equal to the face value of outstanding Debentures plus accrued but unpaid interest up to the date of the RTO Transaction, divided by 85% of the Company's share price on the date of the RTO Transaction. Interest was payable upon the earlier of a) maturity, b) automatic conversion, or c) redemption. Each Debenture, including accrued and unpaid interest, was convertible to PesoRama common shares at a rate of 85% of the per-share price attributed to the Company's shares on the RTO Transaction date.

Each Debenture also included 50 warrants, each of which entitles the holder to purchase one share at a price of \$1.25. The warrants for the first, second, and third tranches are set to expire on March 2, April 1, and December 30, 2023, respectively. 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. 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.

A total of 6,194 finder warrants were issued to brokers in connection with the debenture financing above, whereby the holder of the number of finder warrants is entitled to subscribe for and purchase a number of common shares of PesoRama Inc. at any time on or before the expiry dates of March 2, April 1, and December 30, 2023, respectively. This will be 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 common share that is equal to the conversion price.

On the RTO Date, the Company converted all Debentures, including accrued interest, into 8,499,858 units of the Company at the rate of one common share per \$0.85 of Debenture face value and accrued interest. Each unit is composed of composed of one common shares and one subscriber warrant. 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.

Reconstitution of Board of Directors and New Officers

In connection with the RTO Transaction, the board of directors of the Resulting Issuer was reconstituted to consist of: Rahim Bhaloo, Antonio Heredia, Paul Pathak and Andrew Parks. During the year ended January 31, 2023, the Resulting Issuer also announced the appointment of Rahim Bhaloo as Executive Chairman and interim CFO, Erica Fattore as Chief Executive Officer and President, and Abdulmajeed Bawazeer as Chief Strategy Officer.

Opening of new stores

On April 8, 2022, PesoRama opened an additional store in Cuernavaca, Mexico. Cuernavaca is in an easily accessible, high traffic shopping center with a diverse tenant mix of big box and smaller stores.

On May 5, 2022, PesoRama opened an additional store in Cuernavaca a burgeoning business hub in southern Mexico City, with a mix of large and small retailers, entertainment and dining options.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

On December 10, 2022, PesoRama opened an additional store in Jardines de la Hacienda neighborhood of San Marcos. The 4,800 square foot store is in the popular open-air Power Centre, located approximately 32 kilometers from Mexico City and adjacent to three main highways.

Private Placement Financing Transactions

On December 30, 2022, the Company closed the first tranche of a non-brokered private placement issuing an aggregate of 5,939,333 units at a price of \$0.15 per unit for aggregate gross proceeds of \$890,900. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. The Company incurred cash share issuance costs of \$59,388 and issued 395,920 finders' warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until December 30, 2025.

On January 23, 2023, the Company closed the second tranche of a non-brokered private placement issuing an aggregate of 11,820,931 units at a price of \$0.15 per unit for aggregate gross proceeds of \$1,773,140. Each unit is composed of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.30 for a period of three years. A value of \$1,654,930 before issuance costs, was allocated to the 11,820,931 common shares. The Company incurred cash share issuance costs of \$130,618 and issued 685,365 finders' warrants with a fair value of \$25,694 determined using the Black Scholes pricing model. Each finder warrant is exercisable into one common share of the Company at a price of \$0.15 per common share until December 30, 2025.

Listing on OTCQB

On February 28, 2023, PesoRama has been approved to commence trading in the USA on the OTCQB Venture Market under the symbol "PSSOF".

Factors Affecting Results of Operations

Sales

Sale revenue is recognized when control of a good or service is transferred to a customer. The Company uses the five-step contract-based analysis of transactions to determine when, if, and how much revenue can be recognized. The five steps include: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. The revenues of the Company come from the sale of products that are recognized at a point in time. Sales of products in the consolidated statement of loss and comprehensive loss are recognized by the Company when control of the goods has been transferred, i.e., when the customer tenders payment and takes possession of the merchandise at the stores and all obligations have been fulfilled. All sales are final. Sales revenue is shown net of sales tax and discounts.

Cost of Sales

Cost of sales consists primarily of purchased inventory and distribution expenses (explained further below). The Company records vendor rebates, consisting of volume purchase rebates, when it is probable that they will be received, and the amounts are reasonably estimable. The rebates are recorded as a reduction in the cost of inventory.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Because the functional currency of the Company's Mexican subsidiaries is the Mexican peso (the "peso"), and because the Company's Mexican subsidiaries purchase goods in currencies other than the peso, the Company's cost of sales is affected by fluctuations in foreign currencies, such as US and CAD dollars, against the peso.

Distribution Cost

Distribution cost represents transportation costs (which are largely variable and proportional to the Company's sales volume) as well as warehouse and distribution center occupancy costs. Shipping and transportation costs, including surcharges on transportation costs, are a significant component of distribution expenses. When fuel costs fluctuate, shipping and transportation costs increase or decrease, as applicable, because the carriers generally pass on these cost changes to the Company. Due to the high volatility of fuel costs, it is difficult to forecast the fuel surcharges the Company may incur from its carriers.

General, Administrative and Store Operating Expenses

The Company's general, administrative and store operating expenses ("G&A") consist of store labour, which is primarily variable and proportional to its sales volume, as well as general store maintenance costs, salaries and related benefits of corporate and field management team members, administrative office expenses, professional fees, and other related expenses. G&A also includes variable and non-indexed rental expenses for the Company's stores that are excluded from the lease liability under IFRS 16. Fixed and indexed rental payments are capitalized as a lease liability under IFRS 16.

Overall Performance

Store Performance

	For the year ended January 31,		Variance	Variance
	2023	2022	\$	%
Total Revenue	14,528,826	9,350,177	5,178,649	55%
Cost of Sales				
Inventory expensed	8,707,347	6,439,575	2,267,772	35%
Inventory write-downs	(270,056)	686,483	(956,539)	(139)%
Distribution costs	1,241,874	693,097	548,777	79%
Gross profit	4,849,661	1,531,022	3,318,639	217%
Salaries and wages – store employees	1,319,238	849,579	469,659	55%
Subcontracted employees	15,720	552,020	(536,300)	(97)%
Store lease payments (i)	1,714,345	1,138,787	575,558	51%
Store expenses	730,705	552,359	178,346	32%
Profit (Loss)	1,069,653	(1,561,723)	2,631,376	(168)%

(i) Store lease payments are considered a reduction in lease liabilities and are included in total lease payments per note 10 of the audited consolidated financial statements for the years ended January 31, 2023 and 2022

During the year January 31, 2023, the Company's stores generated profits of \$1,069,653 compared to a loss of \$1,561,723 during the same period last year. The increase in gross profits is attributable to the increase in revenue which is further discussed below. Store profits are used to fund ongoing operating costs for the Company as well as costs incurred in connection with the execution of the Company's expansion plans.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

EBITDA

"EBITDA" represents net loss (as presented in the Company's audited annual consolidated statements of loss and comprehensive loss) plus depreciation and amortization, interest, and income taxes. Adjusted EBITDA also considers other non-cash expenses such as share-based compensation and unusual and non-recurring expenses such as the listing expense associated with the closing of the RTO.

A reconciliation of net loss to EBITDA is as follows:

	Year ended January 31,	
	2023	2022
Net loss	(11,939,826)	(11,072,814)
Add (remove):		
Depreciation and amortization	3,279,380	2,619,172
Interest expenses	713,841	1,217,799
EBITDA	(7,946,605)	(7,235,843)
Add (remove):		
Financing costs other than interest expense	177,764	806,279
Listing expense	3,730,224	-
Share-based compensation	1,589,926	-
Adjusted EBITDA	(2,448,691)	(6,429,564)

Summary of Consolidated Quarterly Results

<i>Data from consolidated Statement of Loss</i>	Fiscal 2023				Fiscal 2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Sales	5,152,705	4,125,085	3,003,763	2,247,273	2,998,270	2,627,762	2,065,238	1,658,907
Net loss	760,430	(3,523,998)	(2,867,825)	(6,308,433)	(5,090,207)	(1,914,022)	(2,351,837)	(1,716,748)
Net loss per share								
Basic	0.01	(0.05)	(0.04)	(0.09)	(0.09)	(0.04)	(0.05)	(0.04)
Diluted	0.01	(0.05)	(0.04)	(0.09)	(0.09)	(0.04)	(0.05)	(0.04)

Historically, the Company's lowest sales results occur in the first quarter whereas the highest sales results occur in the fourth quarter, with December representing the high point of monthly sales. Sales also generally increase ahead of other holidays and celebrations, such as Valentine's Day, Holy Week, and Halloween, but the Company otherwise experiences limited seasonal fluctuations and expects this trend to continue. The occurrence of unusually adverse weather or an outbreak like the COVID-19 pandemic causing disruption in the Company's business activities or operations during a peak season such as major holidays and celebrations for a prolonged period could have an adverse effect on the Company's distribution network and on store traffic, which could materially adversely affect financial results.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Financial and Operating Results for the Year Ended January 31, 2023

The following table summarizes PesoRama's key financial results for the year ended January 31, 2023, and 2022:

	2023	2022	Variance \$	Variance %
Total revenue	14,528,826	9,350,177	5,178,649	55%
Cost of sales	9,679,165	7,819,155	1,860,010	24%
Gross profit	4,849,661	1,531,022	3,318,639	217%
Operating loss	(8,738,223)	(7,273,340)	(1,464,883)	20%
Net loss	(11,939,826)	(11,072,814)	(867,012)	8%
Net comprehensive loss	(10,533,224)	(11,248,096)	714,872	(6)%

Revenue

Total sales revenue increased from \$9,350,177 to \$14,528,826 for the year ended January 31, 2023, compared to the prior year. The sales increases were driven primarily by same store sales, delivering an increase of \$3,679,787 or 39%, and the opening of three additional stores since January 31, 2022, which generated additional revenues of \$1,498,862 for the year ended January 31, 2023.

Cost of sales

Cost of sales for the year ended January 31, 2023, and 2022, was \$9,679,165 and \$7,819,155 and is composed of the following items:

	2023	2022	Variance \$	Variance %
Inventory expensed	8,707,347	6,439,575	2,267,772	35%
Inventory (recovery) write-downs	(270,056)	686,483	(956,539)	(139)%
Cost of inventory	8,437,291	7,126,058	1,311,233	18%
Distribution costs	1,241,874	693,097	548,777	79%
Total cost of sales	9,679,165	7,819,155	1,860,010	24%

Cost of inventory expensed

The cost of inventory expensed increased to \$8,707,347 for the year ended January 31, 2023 from \$6,439,575 during the prior year. The increase was primarily driven due to an increase in sales. The Company also introduced a multiple price strategy, expanding the assortment offering and introducing new retail price points which resulted in higher priced units being purchased at a higher cost.

Inventory write-down (recovery)

During the year-ended January 31, 2022, the Company impaired inventory of \$686,483 which was considered to be slow-moving inventory due to low turn-over rates. The low turn-over rates were a result of Company purchasing large quantities of inventory to prepare for their planned expansion which is ongoing. Although an impairment was recognized on this inventory, the inventory was not obsolete and would be available for sale as demand increased.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

During the year ended January 31, 2023, the Company experienced an increase in sales in their existing stores as well as additional sales from the three newly opened stores as discussed above. The increase in sales resulted in more favorable sales projections for inventory on hand and therefore lowered the impairment reserve required for inventory on hand as of January 31, 2023 which resulted in a recovery of \$270,056 for the year-ended January 31, 2023.

Distribution costs

Distribution costs increased to \$1,241,874 for the year ended January 31, 2023, from \$693,097 during the prior year. The increase for the year ended January 31, 2023, was driven primarily by increased sales volume at the existing and newly opened stores compared to the prior year.

Product Gross Margin Analysis

"Product Gross margin" represents gross profit (as presented in the Company's audited annual consolidated statement of loss and comprehensive loss) plus inventory write-downs and distribution costs divided by sales for the year ended January 31, 2023, and 2022.

	2023	2022
Gross profit	4,849,661	1,531,022
Inventory write-down	(270,056)	686,483
Distribution costs	1,241,874	693,097
	5,821,479	2,910,602
Sales	14,528,826	9,350,177
Product Gross margin	40.1%	31.1%

Gross margin increased by 9% for the year ended January 31, 2023, compared to the prior year. The increase in gross margin for the year ended January 31, 2023 is attributable to an increase in imported goods, the introduction of the multiprice strategy and assortment mix.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

General, administrative and store operating expenses

The following table summarizes PesoRama's general, administrative and store operating expenses for the years ended January 31, 2023, and 2022:

	January 31, 2023	January 31, 2022	Variance \$	Variance %
Management and director's fees	942,789	584,163	358,626	61%
Salaries, wages, and benefits	3,572,632	2,426,350	1,146,282	47%
Subcontracted employees	15,720	552,020	(536,300)	(97)%
Professional fees	2,183,554	1,366,132	817,422	60%
Investor relations	472,676	69,964	402,712	576%
Office expenses	617,295	419,935	197,360	47%
Security and monitoring	17,510	116,237	(98,727)	(85)%
Repairs and maintenance	9,006	17,593	(8,587)	(49)%
Store Expenses	730,705	552,359	178,346	32%
Share-based compensation	1,589,926	-	1,589,926	100%
Travel expenses	122,024	42,024	80,000	190%
Marketing and promotion	34,667	38,413	(3,746)	(10)%
	10,308,504	6,185,190	4,123,314	67%

Management and director's fees

Management fees and director's fees increased from \$584,163 to \$942,789 for the year ended January 31, 2022 and 2023 respectively. The increase is due to an increase in management personnel, management salaries and compensation paid to board members in line with the increase in activity as the Company continues with their expansion efforts.

Salaries, wages and benefits

Salaries, wages and benefits expenses increased from \$2,426,350 to \$3,572,632 for the year ended January 31, 2022 and 2023 respectively. The increase is primarily due to amendments to labour laws in Mexico, which effectively prohibited employers in Mexico from subcontracting certain personnel. As a result, the Company hired additional employees to service its operations. Additionally, the Company hired employees to order to satisfy the staffing needs of the three newly opened stores. The increase in salaries, wages and benefits was partially offset by a decrease due to an increase in operating efficiencies allowing for a reduction in the number of employees per store.

Subcontracted employees

Subcontracting expenses decreased from \$552,020 to \$15,720 for the year ended January 31, 2022 and 2023, respectively. The decrease is due to the amendments to labour laws in Mexico, which effectively prohibited employers in Mexico from subcontracting certain personnel. As a result, the Company hired additional employees to service its operations. The cost of the new employees is recorded under Salaries, wages and benefits.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Professional fees

Professional fees are composed of legal fees, consulting and advisory fees as well as audit and accounting fees. Professional fees increased from \$1,366,132 to \$2,183,554 for the year ended January 31, 2022 and 2023, respectively. This increase is primarily attributable to an increase in audit and accounting fees as a result of additional compliance requirements applicable to publicly traded companies. In addition, the Company also incurred legal fees as a result of the go public transaction and the ongoing legal claims disclosed below.

Investor relations

Investor relations expenses increased from \$69,964 to \$472,676 for the year ended January 31, 2022 and 2023, respectively. The increase is due to a public company status requiring additional investor relations support services.

Office expenses

Office expenses increased from \$419,935 to \$617,295 for the year ended January 31, 2022 and 2023, respectively. The increase is due to administrative and set-up costs associated with the relocation of two offices during the year ended January 31, 2023, as well as an increase in software licensing costs required as a result of the increase in number of employees. Additionally, the Company experienced an increase in insurance expense upon closing of the RTO and commencing trading on a public stock exchange.

Security and monitoring

Security and monitoring expenses decreased from \$116,237 to \$17,510 for the year ended January 31, 2022 and 2023, respectively. The decrease was due to cost benefit analysis performed, and a decision to eliminate additional security on-site, considering low values of merchandise at the stores, and hiring a loss prevention personnel at the corporate level.

Share-based compensation

Share-based compensation expenses increased from \$nil to \$1,589,926 for the year ended January 31, 2022 and 2023, respectively. The increase is attributable to the recognition of share-based compensation related to the outstanding 7,550,000 stock options granted in February 2022 to directors, officers and employees of the Company, which is recognized over the vesting period. All of the outstanding stock options in prior year were fully vested prior to the beginning of the 2022 fiscal year resulting in no additional expense recognized for the year ended January 31, 2022.

Travel expenses

Travel expenses increased from \$42,024 to \$122,024 for the year ended January 31, 2022 and 2023, respectively. The increase is due to the Company opening stores outside of Mexico City requiring travel to other parts of Mexico.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Marketing and promotion

Marketing and promotion expenses decreased from \$38,413 to \$34,667 for the year ended January 31, 2022 and 2023, respectively. The decrease is primarily due to a decrease in store opening costs as the Company opened three store during the year ended January 31, 2023 compared to seven stores during the prior year. This decrease was partially offset by an increase due to consulting fees paid for market research services and new advertising campaigns started during the year ended January 31, 2023.

Depreciation and amortization

The following table summarizes PesoRama's depreciation and amortization expenses for the year ended January 31, 2023, and 2022:

	January 31, 2023	January 31, 2022	Variance \$	Variance %
Depreciation	1,943,372	1,272,486	670,886	53%
Amortization, intangible assets	4,180	172,011	(167,831)	(98)%
Depreciation, right-of-use assets	1,331,828	1,174,675	157,153	13%
Total	3,279,380	2,619,172	660,208	25%

Depreciation and amortization

Depreciation expense is composed of depreciation on fixed assets. As of January 31, 2023, the Company holds fixed assets in the following categories: office furniture and equipment, store furniture and equipment, computer hardware, communication equipment and leasehold improvements.

Depreciation expenses on fixed assets increased from \$1,272,486 to \$1,943,372 for the year ended January 31, 2022 and 2023, respectively. The increase is due to additions to leasehold improvements and furniture and equipment for the Company's new and existing stores.

As of January 31, 2023, the Company holds the intangible assets in the following categories: software licenses and brand names. Amortization expenses on intangible assets decreased from \$172,011 to \$4,180 for the year ended January 31, 2022 and 2023, respectively. The decrease in amortization is due to the intangible asset impairment recognized in the last quarter of the year ended January 31, 2022 resulting in lower balance amortized over the remaining period.

Depreciation, right-of-use assets

Depreciation on right of use assets increased from \$1,174,675 to \$1,331,828 for the year ended January 31, 2022 and 2023, respectively. This increase is due to the Company signing a new office lease in Mexico as well as leases for additional two stores.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Financing Costs

The following table summarizes PesoRama's finance costs for the year ended January 31, 2023, and 2022:

	January 31, 2023	January 31, 2022	Variance \$	Variance %
Interest on lease liabilities	699,414	714,677	(15,263)	(2)%
Interest on convertible debentures	14,427	503,122	(488,695)	(97)%
Accretion on convertible debentures	18,047	574,708	(556,661)	(97)%
Transaction costs related to derivative liability	-	115,000	(115,000)	(100)%
Unrealized loss on derivative liability	-	9,022	(9,022)	(100)%
Bank and other finance charges	138,653	85,047	53,606	63%
Foreign exchange loss	21,064	22,502	(1,438)	(6)%
Total	891,605	2,024,078	(1,132,473)	(56)%

Interest on lease liability

Interest on lease liabilities decreased from \$714,677 to \$699,414 for the year ended January 31, 2022 and 2023, respectively. This decrease is due to the Company incurring lower interest cost as the outstanding principle amount on the lease liability decreases. This decrease was partially offset by an increase due to new leases entered into during the year-ended January 31, 2023.

Interest and accretion on convertible debt and unrealized loss on derivative liability.

Interest and accretion on convertible debt and unrealized loss on derivative liability decreased to \$14,427, \$18,047 and \$nil respectively during the year ended January 31, 2023 due to the automatic conversion of the convertible debt upon closing of the RTO in February 2022.

Liquidity and Capital Resources

<i>As at</i>	January 31, 2023	January 31, 2022
Working capital	1,671,900	(1,746,215)
Total assets	18,797,310	17,790,388
Total non-current liabilities	3,649,147	11,046,758
Shareholders equity	8,736,171	(4,757,432)

As at January 31, 2023, the Company had a working capital of \$1,671,900 compared to a deficit of \$1,746,215 as at January 31, 2022, an increase in working capital of \$3,418,115. Working capital increased primarily due to proceeds received from the RTO financing and private placements closed during the year-ended January 31, 2023. Although the Company's stores were profitable during the year-ended January 31, 2023, as at January 31, 2023, the Company has not generated profits or positive cash flows from operations as a whole. The Company's ability to continue its operations is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Cash Flows for the Year Ended January 31, 2023

	January 31, 2023	January 31, 2022
Cash used in operating activities	(7,362,730)	(2,235,548)
Cash used in investing activities	(1,275,537)	(2,388,787)
Cash provided in financing activities	4,891,436	10,408,048

Cash Flows – Operating Activities

For the year ended January 31, 2023, cash used in operating activities totaled \$7,362,730, compared to cash used of \$2,235,548 in the prior year. The increase in cash used relates primarily to larger cash outlays towards the reduction of outstanding payables and towards larger inventory purchases during the year ended January 31, 2023.

Cash Flows – Investing Activities

For the year ended January 31, 2023, cash used in investing activities totaled \$1,275,537, compared with \$2,388,787 in the prior year. The decrease in cash used is primarily because the Company opened up additional three stores during the year ended January 31, 2023 in comparison to additional seven stores during the year ended January 31, 2022.

Cash Flows – Financing Activities

For the year ended January 31, 2023, cash provided by financing activities totaled \$4,891,436, compared with \$10,408,048 provided by financing activities in the equivalent period in the prior year. Financing cash inflows during the year ended January 31, 2023, were from the closing of RTO and private placements, while financing cash inflows during the year ended January 31, 2022 were mostly from issuance of Convertible Debentures.

Capital Expenditures

Capital expenditures mainly relate to investments in new stores. During the year ended January 31, 2023, the capital expenditures totaled \$1,273,161. These expenditures relate to the construction for three additional stores that are now open as of January 31, 2023.

Capital Resources

The Company's capital management objective is to have sufficient capital to be able to execute its business plan. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the retail industry. The continued development of the Company's expansion plan through the construction and opening of new stores is dependent upon the ability of the Company to secure sufficient funds through operations, credit facilities and other sources.

While additional stores were opened in the period ended January 31, 2023, the Company still does not yet generate sufficient cash flows from operating activities to fund its planned growth strategy in Mexico. As a result, the Company is heavily dependent upon external financing. As at January 31, 2023, the Company had \$3,019,481 in cash (2022 - \$891,030) and working capital of \$1,671,900 (2022 – deficit of \$1,746,215).

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

PesoRama's ability to successfully execute its growth strategy will depend largely on its ability to capitalize on organic growth opportunities available from an increase in foot traffic at its existing locations. Additionally, the successful execution of the Company's growth strategy is also dependent on the Company's continued execution of its merchandising strategies and its ability to continue executing its expansion plans which include successfully opening and operating new stores in Mexico City and elsewhere in Mexico. A new JOI Canadian Store requires a minimal initial investment of approximately \$500,000, including \$350,000 for capital expenditures and \$150,000 for inventory.

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.

The audited annual consolidated financial statements for the years ended January 31, 2023 and 2022, have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future. Management believes that the going concern assumption is appropriate for the audited annual consolidated financial statements and that the Company will be able to meet its budgeted capital and administrative costs as well as its other potential capital commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in its retail and development activities and no certainty in fulfilling the Company's impending commitments (see further below). Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, the audited annual consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

The Company's assumptions with respect to future liquidity needs may not be correct and funds available to it from the sources described herein may not be sufficient to enable it to service its indebtedness or cover any shortfall in funding for any unanticipated expenses.

Contractual Obligations, Off-Balance Sheet Arrangements and Commitments

Throughout the year ended January 31, 2023, the Company entered into various agreements with different vendors relating to the construction and improvement of its retail stores in Mexico. As of January 31, 2023, the Company has not committed to any construction contracts relating to the upcoming store until additional financing is secured. As of January 31, 2023, the Company had planned expenditures of \$349,483 associated with the construction of their new store location expected to open in fiscal 2024. The Company also had retail stores and office lease commitments outstanding, which have been recorded as lease liabilities of \$5,335,740 in the audited annual consolidated financial statements (see Note 10).

Additionally, as at January 31, 2023, the Company had inventory purchase commitments of \$349,386. All these commitments are expected to be fulfilled and paid within the next twelve months.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Legal Claims

Legal Claim for Unpaid Professional Fees

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 \$702,000 owed by the Company to the Legal Firm. 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 ("MTO") 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. However, the maximum estimated financial claim is approximately MXN \$1,790,000.

Legal Claims from Former JOi Employees

At January 31, 2023, JOi had open legal claims from three former JOi employees. At this point in time, the Company is unable to determine the outcome nor able to reasonably estimate potential financial results from these proceedings. However, the maximum estimated financial claim is approximately MXN \$811,360.

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 and its directors for wrongful termination, interference with contractual relations, engagement in civil conspiracy, abuse of civil process, oppressive conduct, and breach of fiduciary and other duties. The claim seeks a non-monetary compensation in the amount of 8,750,000 common shares of the 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.

The Company strongly disagrees with all the Former CEO's positions, believes that the claims are without merit and intend to vigorously defend themselves against the Former CEO's claims. As such, the Company has not made any provision related to this litigation.

Legal Claims from Former Board Members

In July 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 \$361,000 of unpaid director compensation fees. The Defendant disagrees with all of the Plaintiffs' positions, believes that the claim is without merit and continues to vigorously defend itself against the Plaintiffs' claim.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Legal Action from Former CFO

On July 20, 2022, the former CFO of Joi, Canmex and Pesorama Consulting filed a claim with the Local Labour Board in Mexico against Joi, Canmex, Pesorama Consulting and management for wrongful termination. The claim seeks monetary damages of MXN \$2.5 million (CAD \$176K).

Related Party Transactions

During the year ended January 31, 2023, there were separate related party transactions as follows:

- (i) Salaries, wages, and benefits and management fees of \$837,533 (2022 - \$525,003) relating to the key management personnel were incurred during the year ended January 31, 2023 respectively. As of January 31, 2023, all fees had been paid.

	Year ended January 31,	
	2023	2022
	(\$)	(\$)
841796 Ontario Limited ^(a)	250,000	250,000
Palm Eleven Investments Inc ^(b)	-	135,753
Erica Fattore, President and Chief Executive Officer	250,000	-
Sebastian Avila	157,533	-
Abdulmajeed Bawazeer, Chief Strategy Officer	180,000	139,250
	837,533	525,003

(a) 841796 Ontario Limited is controlled by Rahim Bhaloo, founder and Executive Chairman of the board of the Company

(b) Palm Eleven Investments Inc. is controlled by Edward Sivitilli, former Chief Executive Officer of the Company)

- (ii) Professional fees for accounting services of \$81,000 (2022 – \$1,129) were incurred during the year ended January 31, 2023 respectively for professional services rendered by Lancaster Capital Advisory Corp., a company of which Lynn Chapman, the prior Chief Financial Officer, is an officer and significant shareholder. As of January 31, 2023, all fees had been paid.

- (iii) Directors' and consulting fees of \$212,969 (2022 - \$nil) were recognized in professional fees during the year ended January 31, 2023 respectively, of which \$224,857 remained in account payable and accrued liabilities as of January 31, 2023 (2022 - \$nil).

	Year ended January 31,	
	2023	2022
	(\$)	(\$)
Fundamental HS, SC ^(a)	182,969	-
Paul Pathak	82,500	-
Andrew Parks	36,000	-
	301,469	-

(a) Antonio Heredia, director of the Company, is a partner at Fundamental HS, SC

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

	As at January 31,	
	2023	2022
	(\$)	(\$)
Fundamental HS, SC ^(a)	106,357	-
Paul Pathak	82,500	-
Andrew Parks	36,000	-
	224,857	-

(a) Antonio Heredia, director of the Company, is a partner at Fundamental HS, SC

- (iv) On March 8, 2021, 550,000 stock options held by four former PesoRama directors were cancelled upon them not being re-elected to the Board on December 8, 2020, in accordance with the terms of the option agreements.

Former director	Number of options cancelled
Charles Wachsberg	200,000
Robb McNaughton	150,000
Allan White	100,000
Andrew Taylor	100,000
	550,000

- (v) On August 16, 2021, 400,000 stock options and 2,500,000 performance warrants held by Ed Sivitilli, former CEO of the Company, were cancelled in connection with his termination.
- (vi) 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. Antonio Heredia, director of PesoRama, is also a partner of Fundamental HS, SC..
- (vii) The Company incurred professional fees for legal services of \$89,588 for the year ended January 31, 2023, which were provided by Chitiz Pathak LLP, a law firm of which Paul Pathak, Director of the Company, is also a partner. As at January 31, 2023, the Company had \$97,026 in account payable and accrued liabilities for amounts owed to this law firm.
- (viii) The Company incurred share-based compensation expenses for options issued to key management personnel of \$1,589,926 for the year ended January 31, 2023 respectively. No share-based compensation expenses were incurred during the year ended January 31, 2022.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

	Year ended January 31, 2023 (\$)
Erica Fattore, President and Chief Executive Officer	579,436
Abdulmajeed Bawazeer, Chief Strategy Officer	337,126
Sebastian Avila	63,211
Rahim Bhaloo, founder and Executive Chairman of the board of the Company	194,012
Antonio Heredia, Director	194,901
Paul Pathak, Director	147,493
Andrew Parks, Director	73,747
	1,589,926

Critical Accounting Estimates and Judgments

The preparation of the audited annual consolidated financial statements in conformity with IFRS requires management to make judgments, 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.

Valuation of inventory

Inventory includes items that have been marked down to management's best estimate of their net realizable value, with the markdown included in cost of sales in the period in which it is determined. The Company estimates its inventory provisions based on a variety of factors, including quantities of slow-moving or carryover seasonal merchandise on hand, future merchandising plans, inventory shrinkage, and product expiry or obsolescence where applicable. The accuracy of the Company's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Changes to the inventory provisions and especially shrinkage can have a material impact on the results of the Company.

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate for initial measurement of real estate leases, as the implicit rates are not readily available due to the lessor not disclosing the fair value of underlying assets (including the lessor's initial direct costs). The incremental borrowing rate is the interest rate the Company would pay to borrow funds over a comparable term for an asset of comparable value in a comparable economic environment. In determining the period the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. See Note 10 of the audited annual consolidated financial statements for further disclosures and detail regarding the Company's leases.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

The Company considers renewal options included in leasing contracts and the likelihood of lease renewal when assessing lease terms and total payments. All of the Company's store leases have one renewal option of five years. The Company opens stores both in established malls and as standalone retail locations. Each approach has advantages and disadvantages that the Company is currently evaluating on a location-by-location basis. Certain stores in one type of location may ultimately be moved to the other type, depending on future store performance. Therefore, because of the relative recency of the Company's store openings and the Company's approach of opening both mall-based and standalone stores, the Company is not yet able to reasonably determine whether it will exercise renewal options in its existing stores and thus has not included any renewal options in evaluating the lease term. The Company will continue to assess the probability of renewing each of its leases at a minimum each reporting period.

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to:

- The expected use of the asset;
- In the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost; and
- Renewal history.

If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual depreciation and amortization expense, and future impairment charges or recoveries.

Share based compensation and warrants

All equity-settled, share-based awards and warrants issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation and warrants, estimates have to be made regarding the fair value of the underlying share(s), expected volatility in share's fair value, option life, dividend yield, risk-free rate, estimated life, and estimated forfeitures at the initial grant date.

Provisions

The Company bases its provisions on up-to-date developments, estimates of the outcomes of pending matters, and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Company may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity.

Convertible Debentures and Derivative Financial Instruments

The Company measures its derivative financial instruments at FVTPL using a fair value model that considers variables that are subject to managements estimates, judgements, and assumptions including, expected value at the date of the liquidity event, probability of the liquidity event occurring at various dates, and likely value of common shares received at the date of the liquidity event.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Income Taxes

Provisions for income 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 differs from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Significant areas where management's judgment has been applied

COVID-19

The global outbreak of coronavirus ("COVID-19") has had a significant impact on businesses through the restrictions put in place by the Canadian and Mexican federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration and severity of the outbreak, including the duration of business closures or disruptions, travel restrictions, and quarantine/isolation measures that are currently, or may be put in place by Canada, Mexico, and China and other countries to fight the virus. While the extent of the impact is unknown, the Company believes this outbreak has caused and may continue to cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively affect the Company's business and financial condition.

Functional currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of an entity if there is a significant change in the events and/or conditions which determine the primary economic environment. Based on the Company's review, no change to the functional currency of the Company or any of its subsidiaries was necessary.

Taxes Receivable

The Company both collects and pays Mexico's Value-Added Tax ("VAT") for goods sold and goods and services received, respectively, in Mexico. The Company also pays Canada's Goods and Services Tax ("GST") for services received in Canada. The Company's status as a filer of VAT and GST means that it is required to file regular tax returns (monthly for VAT, quarterly for GST) with the appropriate government authority. Because the Company's primary operations are in Mexico, GST filings in Canada are straightforward and minimal. However, VAT filings in Mexico are of greater financial significance and complexity.

The Company has filed all VAT returns in a timely manner and is in the process of requesting refunds where applicable. In Mexico, this is a separate process from tax filing and is frequently time- and effort-intensive. The Company has engaged a tax specialist to assist in VAT-refund filings for certain prior periods. As at January 31, 2023, the refund-filing process had begun and several periods had been requested for which refunds have been received.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

As a result of the uncertainty surrounding refunds for the earlier periods, the Company recorded a reserve during the year ended January 31, 2022 for a portion of the month's receivable estimated to be uncollectible. During the year-ended January 31, 2023 the Company reperformed their assessment which, after taking into account the recent collections, resulted in a recovery of previously recognized reserves.

Impairment of Long-lived Assets

For the purposes of measuring recoverable values for impairment calculation purposes, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash inflows. The determination of individual CGUs is based on management's judgment regarding shared infrastructure, geographical proximity and similar exposure to market risk. At January 31, 2023, the Company has assessed that each of its stores constitutes a CGU.

New and Amended Accounting Standards Adopted

Several new standards and amendments to standards and interpretations are effective for the fiscal year beginning February 1, 2022, including the following:

- (i) *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16);*
- (ii) *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).*

Neither of these amendments is expected to have a significant impact on the audited annual consolidated financial statements of the Company.

Risks and Uncertainties

Understanding and managing risks are important parts of the Company's strategic planning process. The board of directors tasks the Company's senior management with identifying and properly managing the principal risks related to the Company's business operations.

The Company manages these risks on an ongoing basis and has put in place certain guidelines to mitigate their financial impact, and the Company maintains cost-effective, comprehensive insurance coverage against most insurable events. The Company also gathers and analyzes economic and competitive data on a regular basis and senior management takes these findings into consideration when making strategic and operational decisions. Despite these guidelines and initiatives, the Company cannot provide assurances that any such efforts will be successful. Risks and uncertainties are discussed in great detail in the Company's Annual Information Form available on SEDAR at www.sedar.com

Risks Related to Business Operations

COVID-19 Pandemic Outbreak

The COVID-19 pandemic has had a significant impact on businesses through restrictions put in place by the Canadian and Mexican federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease,

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, Mexico and China and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.

For the period consisting of and subsequent to the period ended January 31, 2023, the Company was able to keep its stores open and operational as the business segment in which the Company operates was deemed an essential service in Mexico.

Merchandise and Operating Costs

The Company's ability to provide quality merchandise at low price points is subject to a number of factors that are beyond its control, including merchandise costs, raw material increases, foreign exchange rate fluctuations, tariffs on imported goods, increases in labour costs (including any increases in the minimum wage), increases in rent and occupancy costs, fuel costs and inflation, all of which may reduce profitability and have an adverse impact on cash flows.

Labour costs are largely outside of the Company's control, driven by minimum wage legislation in each jurisdiction in which the Company has operations. Rent and occupancy costs, while substantial, offer multi-year visibility due to the long-term nature of leases. Historically, the Company has been able to negotiate leases on market terms and therefore benefits from a reasonable lead time to prepare for potential rent increases. Fuel cost increases or surcharges could also increase transportation costs and therefore impact profitability.

If management is unable to predict and respond promptly to these or other similar events, the merchandise and operating costs may increase, and the Company's business and financial results could be materially adversely affected.

Generally, management believes that, as seen in other countries, the value/dollar retail strategy can be flexible to address cost increases, allowing the Company to adjust its fixed price point to a higher maximum limit as required. The Company has pivoted as required to a multi price-point strategy to adjust for increases in prices, unfavorable foreign exchange, and other developments that might otherwise erode margins. There is, however, no guarantee that the Company will continue to be successful in offsetting cost increases in a meaningful way. There can be no assurance that the Company will be able to pass on cost increases to customers if it wishes to maintain the compelling value of its product offering relative to competitors.

Merchandise Selection and Replenishment

The Company's success depends in large part on its ability to continually source, select and purchase quality merchandise at attractive prices in order to expand the assortment of products and replace underperforming goods to timely respond to evolving trends in demographics and consumer preferences, expectations and needs. Although management believes that the Company has strong and long-standing relationships with most of its suppliers, it may not be successful in maintaining a continuing and increasing supply of quality merchandise at attractive prices. If the Company cannot find or purchase the necessary amount of competitively priced merchandise to maintain its compelling product offering or to replace goods that are outdated or unprofitable, business and financial results could be materially adversely affected.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Supply Chain

Merchandise could become more expensive or unavailable, or deliveries could be subject to longer lead times, for a number of reasons, including:

- a) disruptions in the flow of imported goods due to factors such as raw material shortages, work stoppages and strikes, suppliers going out of business, factory closures resulting from changes in the economic or regulatory landscape of the country of origin, inflation, natural disasters, unusually adverse weather, pandemic or epidemic outbreaks such as the COVID-19 and political unrest in foreign countries;
- b) uncertainty and potential consolidation in the shipping industry in a context of overcapacity and carrier failures, which could eventually lead to rate increases;
- c) economic instability and international disputes;
- d) increases in the cost of purchasing or shipping foreign merchandise resulting from Mexico's failure to maintain normal trade relationships with foreign countries;
- e) increases in tariffs or the elimination of existing preferential tariffs on goods, restrictive changes to import quotas, and other adverse protectionist trade measures; and
- f) changes in currency exchange rates or policies and local economic conditions, including inflation in the country of origin. The development of one or more of these factors could materially adversely affect the Company's business and financial results.

If imported merchandise becomes more expensive, limited or unavailable, the Company may not be able to transition to alternative sources in time to meet the demand. Products from alternative sources may also be of lesser quality and/or more expensive than those currently imported. A disruption in the flow of imported merchandise or an increase in the cost of those goods due to these or other factors could significantly decrease sales and profits and have a material adverse impact on the Company's business and financial results.

Management believes that the Company has good relationships with suppliers and that it is generally able to obtain competitive pricing and other terms. However, products are bought on an order-by-order basis and the Company has very few long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. If it fails to maintain good relationships with suppliers, or if suppliers' product costs are increased as a result of prolonged or repeated increases in the prices of certain raw materials, foreign exchange rate fluctuations, or changes in the economic or regulatory landscape of the country of origin, the Company may not be able to obtain attractive pricing. In addition, if it is unable to receive merchandise from suppliers on a timely basis because of interruptions in production or in shipping or other reasons that are beyond its control, the Company could experience merchandise shortages which could lead to lost sales or increased merchandise costs if alternative sources must be used, and business and financial results could be materially adversely affected.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Brand Image and Reputation

The Company has a brand that consumers increasingly associate with compelling value. Failure to maintain product quality or ethical and socially responsible operations could materially adversely affect its brand image and reputation. Public concerns about the environmental impact of the Company's products and operations could also negatively impact consumers' perceptions of the Company's brand image. Any negative publicity about, or significant damage to, the Company's brand and reputation could have an adverse impact on customer perception and confidence, which could materially adversely affect the Company's business and financial results. Also, the pervasiveness and viral nature of social media could exacerbate any negative publicity with respect to its business practices and products.

Distribution and Warehousing Network

The Company must constantly replenish depleted inventory through deliveries of merchandise from suppliers to its warehouses, distribution centre and directly to stores by various means of transportation, including shipments by sea, train, and truck. Also, because of its reliance on third-party carriers, the Company is subject to carrier disruptions and increased costs due to factors beyond its control. Disruptions in the distribution network or the national and international transportation infrastructure could lead to delays or interruptions of service which, in turn, could materially adversely affect the Company's business and financial results.

As the Company continues its rapid expansion, additional warehouse and distribution centre capacity may be needed. If the Company does not plan efficiently for increased capacity, or is unable to locate new sites, either for sale or for rent, on favorable terms, or is unable to commission new warehousing or distribution operations on a timely basis, the Company may not be able to successfully execute its growth strategy or may incur additional costs, which could materially adversely affect its business and financial results.

Inventory Shrinkage

The Company is subject to the risk of inventory loss and administrative or operator errors, including mislabeling, as well as damage, theft, and fraud. The Company experiences inventory shrinkage in the normal course of its business and cannot ensure that incidences of inventory loss and theft will decrease in the future or that measures taken will effectively address inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if the Company were to experience higher rates of inventory shrinkage or were required to incur increased security costs to limit inventory theft, its business and financial results could be materially adversely affected.

Real Estate

All of the Company's stores are leased from unaffiliated third parties. Unless the terms of the Company's leases are extended, the properties, together with any improvements that were made, will revert to the property owners upon expiration of the lease terms. As the terms of those leases expire, the Company may not be able to renew leases or promptly find alternative locations that meet its needs on favourable terms, or at all. Also, breaching the terms of a lease may result in the Company incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. If one or more of the foregoing risks materializes, the Company's business and financial results could be materially adversely affected.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Seasonality

Historically, the Company's highest sales have occurred in the fourth quarter, during the winter holidays selling season. Sales also generally increase ahead of other holidays and celebrations, such as Easter, Valentine's Day, and Halloween/Day of the Dead. Failure to adequately prepare for the holiday sales demands and the timing of certain holidays and of new store openings could have material adverse effects on the Company's business and financial results. In addition, the occurrence of unusually adverse weather, natural disasters, geopolitical events, pandemic or epidemic outbreaks or any other event beyond the Company's control and causing any disruption in its business activities or operations during a peak season could have an adverse effect on the distribution network and on store traffic, which could materially adversely affect its business and financial results.

Private Brands

The Company carries a substantial number of private brand items. Management believes that the Company's success in maintaining broad market acceptance of private brands depends on many factors, including pricing, quality and customer perception. If the Company does not achieve or maintain expected sales for private brands, or if it fails to successfully protect its proprietary rights in those brands or avoid claims related to the proprietary rights of third parties, its business and financial results could be materially adversely affected.

Intellectual Property

Management believes that trademarks and other proprietary rights are important to the Company's success and competitive position. Accordingly, the Company protects its trademarks and proprietary rights in Canada, Mexico and other relevant markets. However, monitoring the unauthorized use of one's intellectual property is difficult, and violations may not always become immediately known. Furthermore, the steps generally taken to address such violations, including sending demand letters and taking actions against third parties, may be inadequate to prevent imitation of products and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by the Company. In addition, the Company's intellectual property rights may not have the value that management believes they have. If the Company is unsuccessful in protecting its intellectual property rights, or if another party prevails in litigation against it relating to its intellectual property rights, the value of the brand could be diminished, causing customer confusion and materially adversely affecting the Company's business and financial results. In addition, the Company may incur significant costs if it is required to change certain aspects of its branding and business operations.

International Operations

The Company's primary operations are in Mexico. Operations outside of Canada are exposed to risks inherent in foreign operations. These risks, which can vary substantially by market and jurisdiction, are described in many of the risk factors discussed in this section and also include the following:

- the adoption of laws, regulations and policies aimed at managing national economic conditions, such as increases in taxes, austerity measures that impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- the imposition of import restrictions or controls;
- the effects of legal and regulatory changes and the burdens and costs of compliance with a variety of foreign laws;

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

- changes in laws and policies that govern foreign investment and trade in the countries in which the Company operates, including in Latin America;
- breaches or violations of Canadian and other foreign anti-corruption and anti-bribery laws, including by the Company's employees, suppliers, contractors, agents or representatives;
- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which the Company operates, including in Latin America;
- risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights; and
- risks arising from the significant and rapid fluctuations in currency exchange markets, and the impact of any decisions and positions taken to hedge such volatility.

Financial Risks

Financial instruments

As at January 31, 2023, the Company's financial instruments consist of cash, security deposits, accounts payable and accrued liabilities.

The carrying values of the Company's financial instruments approximate their fair values due to their short periods to maturity.

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 January 31, 2023, 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 10 of the audited annual consolidated financial statements for further disclosures and detail regarding the Company's leases). The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. See further discussion relating to liquidity above in the "Liquidity and Capital Resources" section.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

The following table outlines the contractual undiscounted maturities of the Company's financial liabilities at January 31, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	4,725,399	-	-
Lease liability	2,143,490	3,840,616	308,713
	6,868,889	3,840,616	308,713

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. As at January 31, 2023, 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.

At January 31, 2023, 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. A change of 5% in the CAD/MXN exchange rate on January 31, 2023, would not have a material impact on loss and comprehensive loss.

Credit risk

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 year ended January 31, 2023, would not have had a significant impact on the consolidated financial statements. Furthermore, the Company was not exposed to interest rate risk on its interest-bearing debentures given these debt instruments were converted into common shares during the year ended January 31, 2023.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Market Risks

Retail Competition

The Company operates in the value retail industry, which is highly competitive with respect to, among other things, price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment could materially adversely affect the Company's business and financial results due to the lower prices, and thus lower margins, that could be required to maintain its competitive position. Companies operating in the value retail industry have limited ability to increase prices in response to increased costs. This limitation may also affect margins and financial performance.

The Company also competes for customers, employees, store sites, products and services and in other important aspects of its business with many other local, regional and national retailers, including multi-price dollar stores, variety and discount stores and mass merchants. These retailers compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. Management expects that the Company's expansion plans will increasingly bring it into direct competition with those other retailers.

Given the lack of significant economic barriers for other companies to open dollar stores or develop dollar store concepts within their existing retail operations, competition may also increase due to new value retailers entering the markets in which the Company operates. If the Company fails to respond effectively to competitive pressures and changes in the retail markets, its business and financial results could be materially adversely affected.

E-Commerce and Disruptive Technologies

Although the discount retail market in Mexico is still emerging, the Company may face increased competition from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons. Failure to adequately assess and address this evolving retail trend could have a material adverse impact on the Company's business and financial results.

Economic Conditions

Adverse Mexican or global economic conditions affecting disposable consumer income, employment levels, consumer debt levels, credit availability, business conditions, fuel and energy costs, rent, inflation, interest rates and tax rates could materially adversely affect the Company's business and financial results by reducing consumer spending or causing customers to shift their spending to other products the Company either does not sell or does not sell as profitably, which could translate into decreased sales volumes, slower inventory turnover and lower gross profit for the Company. In addition, similar adverse economic conditions could materially adversely affect the Company, its suppliers or other business partners by reducing access to liquid funds or credit, increasing the cost of credit, limiting the ability to manage interest rate risk, increasing the risk of insolvency or bankruptcy of the Company, its suppliers, landlords or financial counterparties, increasing the cost of goods, and other impacts which cannot be fully anticipated.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Human Resources Risks

Reliance on Key Personnel

The Company's senior executives have extensive experience in the industry, with the Company, and with its suppliers, products, and customers. The loss of management knowledge, expertise, and technical proficiency resulting from the loss of one or more members of the core management team could result in a diversion of management resources or a temporary executive gap, and negatively affect the Company's ability to develop and pursue other business strategies, which could materially adversely affect its business and financial results. Also, the expertise pertaining to purchasing and import management, especially as it relates to the dollar store industry, is rare and the loss of key executives leading those functions could have a material adverse effect on the Company's ability to continue to offer a compelling product offering to its customers, which in turn could materially adversely affect its business and financial results.

Recruitment, Retention and Management of Quality Employees

Future growth and performance depend, among other things, on the Company's ability to attract, retain and motivate quality employees, many of whom are in positions with historically high rates of turnover. The Company's ability to meet its labour needs, while controlling labour costs, is subject to many external factors, including the competition for and availability of quality personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labour legislation (including changes in the process for employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). In addition, the Company must be able to successfully manage personnel throughout its growing and increasingly geographically dispersed network of stores.

Technology Risks

Information Technology Systems

The Company depends on its information technology systems for the efficient functioning of its business, including financial reporting and accounting, purchasing, inventory management and replenishment, labour forecasting and scheduling, payroll processing, data storage, customer transactions processing and store communications. Enterprise-wide software solutions enable management to efficiently conduct operations, and gather, analyze and assess information across all business functions and geographic locations.

Management believes that the Company's information technology architecture is resilient, relying on redundant material components to prevent material failures and redundant telecommunication links to prevent communication failures. However, systems may be subject to damage or interruption resulting from power outages, telecommunication failures, computer viruses, security breaches, cyber-attacks and catastrophic events. Difficulties with the hardware and software platform may require the Company to incur substantial costs to repair or replace it, could result in a loss of critical data or could disrupt operations, including the Company's ability to timely ship and track product orders, forecast inventory requirements, manage the supply chain, process customer transactions and otherwise adequately service customers, which, in each case, could have a material adverse effect on the Company's business and financial results. Prolonged disruptions to information technology systems may reduce the efficiency of the Company's operations, which could materially adversely affect its business and financial results.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Data Security and Privacy Breaches

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. Cyber-threats in particular vary in technique and sources, are persistent, and are increasingly more targeted and difficult to detect and prevent.

Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information technology systems, networks and websites, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence. Cyber-attacks and security breaches could therefore materially adversely affect the Company's business and financial results.

While the Company has dedicated resources and utilizes third party technology products and services to help protect the Company's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber incidents, such measures may not be adequate or effective to prevent or identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could cause damage in excess of any available insurance, and could materially adversely affect its business and financial results.

Strategy and Corporate Structure Risks

Growth Strategy

The Company's ability to successfully execute its growth strategy will depend largely on its ability to successfully open and operate new stores, which, in turn, will depend on a number of operational, financial, and economic factors, including whether it can:

- locate, lease, build out, and open stores in suitable locations on a timely basis and on favourable economic terms;
- hire, train, and retain an increasing number of quality employees at competitive rates of compensation;
- supply an increasing number of stores with the proper mix and volume of merchandise;
- expand into new Mexican markets outside Mexico City, where it has limited presence;
- procure efficient logistics and transportation services for those new markets;
- successfully compete against local competitors; and
- build, expand and upgrade warehousing and distribution facilities as well as store support systems in an efficient, timely and economical manner.

Any failure by the Company to achieve these goals could materially adversely affect its ability to continue to grow. In addition, if the expansion occurs as planned, the Company's store base will include a relatively high proportion of stores with a relatively short history of operations. If new stores on average fail to achieve results comparable to existing stores, the Company's business and financial results could be materially adversely affected.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Corporate Structure

PesoRama Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Company is subject to the risks attributable to PesoRama Inc.'s subsidiaries. As a holding company, PesoRama Inc. conducts substantially all its business through its subsidiaries, which generate substantially all of PesoRama Inc.'s revenues. Consequently, PesoRama Inc.'s cash flows, and its ability to meet financial obligations and to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to PesoRama Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and may potentially be constrained by various contractual restrictions. PesoRama Inc.'s subsidiaries are distinct legal entities and have no obligation to make funds available to PesoRama Inc. or any of its creditors, except in certain circumstances and subject to certain terms and conditions in the case of a subsidiary that is a guarantor of PesoRama Inc.'s obligations. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to PesoRama Inc.

Business Continuity Risks

Adverse Weather, Natural Disasters, Climate Change, Geopolitical Events, Pandemic and Epidemic Outbreaks

The occurrence of one or more natural disasters, such as earthquakes and hurricanes, unusually adverse weather exacerbated by global climate change or otherwise, pandemic or epidemic outbreaks, boycotts and geopolitical events, such as civil unrest in countries in which suppliers are located or in which the Company operates, and acts of terrorism, or similar disruptions could materially adversely affect the Company's business and financial results. Furthermore, the impact of any such events on its business and financial results could be exacerbated if they occur during a period of the year when sales generally increase.

These events could result in physical damage to one or more of the Company's properties; increases in fuel or other energy prices; disruption to information systems; the temporary or long-term disruption in the supply of products from some local and overseas suppliers; the temporary disruption in the transportation of goods from overseas; delays in the delivery of goods to warehouses, distribution centres, or stores; the temporary or permanent closure of one or more warehouses or distribution centres or of one or more stores; the temporary reduction in the availability of products in stores; delays in opening new stores; a temporary workforce unavailability in a market or a surge in unemployment; the temporary reduction of store traffic; significant disruption in everyday life and consumer spending habits in the markets in which the Company operates; and/or the loss of sales. These factors could materially adversely affect the Company's business and financial results, for a short or long period, and there is no assurance that business will resume and reach historical levels after any such event.

Insurance

The Company's insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that management believes are reasonable based on the nature and size of the Company's operations. However, there are types of losses against which the Company cannot be insured or which management chose not to insure, in some cases because it believes it is not economically reasonable to do so, such as losses due to acts of war, nuclear disaster, pandemic, epidemic, reputational risks, supply chain issues, certain cyber risks, product recalls, employee turnover, strikes and some natural disasters. If the Company incurs these losses and they are material, its business and financial results could be materially adversely affected. In addition, certain material events may result in

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

sizable losses for the insurance industry and materially adversely affect the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, the Company may elect to increase its level of self-insurance, accept higher deductibles, or reduce the amount of coverage in response to these market changes. Although it continues to maintain property insurance for catastrophic events, the Company is effectively self-insured for property losses up to the amount of its deductibles. If it experiences a greater number of these losses than anticipated, the Company's business and financial results could be materially adversely affected.

Legal and Regulatory Risks

Product Liability Claims and Product Recalls

The Company sells products manufactured by unaffiliated third parties. Manufacturers might not adhere to product safety requirements or quality control standards, and the Company might not identify the deficiency before merchandise is shipped to stores and sold to customers. As a result, the products sold by the Company may expose it to product liability claims relating to personal injury, death, or property damage, and may require the Company to take actions or act as a defendant in a litigation. In addition, if suppliers are unable or unwilling to recall products failing to meet quality standards, the Company may be required to remove merchandise from the shelves or recall those products at a substantial cost. Product liability claims and product recalls may affect customers' perception of the business or the brand and harm the Company's reputation, which may materially adversely affect its business and financial results. Although the Company maintains liability insurance to mitigate potential claims, it cannot be certain that coverage will be adequate or sufficient to cover for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Litigation

The Company's business is subject to the risk of litigation by employees, customers, consumers, product suppliers, service providers, other business partners, competitors, shareholders, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including, in the case of administrative proceedings, as a result of reviews by taxation authorities. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. In addition, certain of these lawsuits or claims, if decided adversely to the Company or settled by it, may result in liability material to its audited annual consolidated financial statements as a whole or may negatively affect operating results if changes to business operations are required. In addition, in connection with its business activities, the Company is subject to reviews by taxation authorities. There is no assurance that any such reviews will not result in taxation authorities challenging any of its tax filings.

The cost to defend litigation may be significant. There also may be adverse publicity associated with litigation, including without limitation litigation related to product safety, which could negatively affect customer perception of the business or the brand, regardless of whether the allegations are valid or whether the Company is ultimately found liable. As a result, litigation could materially adversely affect the Company's business and financial results.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Regulatory Environment

The Company is subject to many laws and regulations, including laws and regulations related to, among other things, permits and licences, product safety, labour practices, health and safety, merchandise quality, labelling, intellectual property, data privacy, environmental levies, trade and customs, bribery and corruption.

Compliance with existing or new laws and regulations, or changes in the interpretation, implementation or enforcement of any laws and regulations, could require the Company to make significant system or operating changes or require it to make significant expenditures or incur substantial costs, all of which could materially adversely affect its business and financial results. In addition, untimely compliance or non-compliance with any laws and regulations could trigger litigation or governmental enforcement action, or require the payment of any fines or penalties, and harm the Company's reputation, which could materially adversely affect the Company's business and financial results.

In addition, the Company and its representatives are subject to anti-corruption and anti-bribery laws that prohibit improper payments directly or indirectly to government officials, authorities, or persons defined in those anti-corruption and anti-bribery laws, to obtain business or other improper advantages in the conduct of business. Failure by the Company or any of its employees, subcontractors, suppliers, agents, and/or representatives to comply with anti-corruption and anti-bribery laws could result in criminal, civil and administrative legal sanctions and negative publicity, and could materially adversely affect the Company's business and financial results as well as its brand image and reputation.

Environmental Compliance

Under various federal, provincial, and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

Accordingly, it is possible that environmental liabilities may arise in the future as a result of any generation and disposal of such hazardous materials. Although it has not been notified of, and management is not aware of, any current material environmental liability, claim, or non-compliance, the Company could incur costs in the future related to its properties to comply with, or address any violations under, environmental laws and regulations.

In the ordinary course of business, the Company sometimes uses, stores, handles or disposes of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. Also, products sold by the Company may be subject to environmental regulations prohibiting or restricting the use of certain toxic substances in the manufacturing process.

The Company cannot predict the environmental laws or regulations that may be enacted in the future or how existing or future laws and regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretations of existing laws and regulations, may require additional expenditures or impose fines or penalties, which could vary substantially from those currently anticipated and could materially adversely affect the Company's business and financial results.

PESORAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended January 31, 2023 and 2022

Climate Change

Climate change is an international concern that is receiving increasing attention worldwide. As a result, in addition to the physical risks associated with climate change, there is the risk that the government introduces climate change legislation and treaties that could result in increased costs, and therefore, decreased profitability of the Company's operations.

Increased public awareness and concern regarding global climate change may result in more legislative and/or regulatory requirements to reduce or mitigate the effects of greenhouse gas (GHG) emissions. GHG regulations could require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs or operating expenses, any of which could materially adversely affect the Company's business and financial results. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business or financial results.

Shareholder Activism

The Company may be subject to legal and business challenges in the operation of its business due to actions instituted by activist shareholders or others. Responding to such actions can be costly and time-consuming, disrupting business operations and diverting the attention of management and employees. Such investor activism could result in uncertainty of the direction of the Company, substantial costs and diversion of management's attention and resources, which could harm the business, hinder execution of the business strategy and initiatives and create adverse volatility in the market price and trading volume of the Company's common shares.

Capital Structure Information

The Company's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized.

As at the date of this MD&A, there were 90,638,503 common shares issued and outstanding. In addition, there were 8,600,000 stock options, and 54,636,856 warrants, each exercisable for one common share, issued and outstanding as at the date of this MD&A.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

PesoRama Inc.
(Formerly Skyscape Capital Inc.)

Consolidated Financial Statements

**For the Years Ended December 31, 2021 and
December 31, 2020**

(In Canadian Dollars)

To the Shareholders of PesoRama Inc. (formerly Skyscape Capital Inc.):

Opinion

We have audited the consolidated financial statements of PesoRama Inc. (formerly Skyscape Capital Inc.) and its subsidiary (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Toronto, Ontario
May 2, 2022

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

PESORAMA INC. (FORMERLY SKYSCAPE CAPITAL INC)
Consolidated Statements of Financial Position

	As at December 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash held in trust	10,389	237,992
Total assets	10,389	237,992
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	500,283	129,951
Total liabilities	500,283	129,951
Shareholders' Equity		
Share capital (Note 3)	651,354	651,354
Contributed Surplus	101,363	101,363
Deficit	(1,242,611)	(644,676)
Total shareholders' equity	(489,894)	108,041
Total liabilities and shareholders' equity	10,389	237,992

Subsequent events and contingencies (Note 7)

Approved by the Board

Rahim Bhaloo
 Director **(Signed)**

Paul Pathak
 Director **(Signed)**

See accompanying notes to the consolidated financial statements.

PESORAMA INC. (FORMERLY SKYSCAPE CAPITAL INC)**Consolidated Statements of Loss and Comprehensive Loss**

For the years ended December 31

	Year Ended	
	2021	2020
Expenses		
Professional fees	546,019	147,144
Listing fees	51,916	12,186
Net loss and comprehensive loss for the year	(597,935)	(159,330)
Net loss per share - basic and diluted	(0.36)	(0.16)
Weighted average shares outstanding - basic and diluted	1,657,534	1,000,000

See accompanying notes to the consolidated financial statements.

PESORAMA INC. (FORMERLY SKYSCAPE CAPITAL INC)**Consolidated Statements of Changes in Shareholders' Equity**

	Number of Shares	Share capital (Note 3)	Contributed Surplus	Deficit	Shareholders' Equity
Balance at December 31, 2020	2,000,000	651,354	101,363	(644,676)	108,041
Net loss for the year	-	-	-	(597,935)	(597,935)
Balance at December 31, 2021	2,000,000	651,354	101,363	(1,242,611)	(489,894)

Balance at December 31, 2019	2,000,000	651,354	101,363	(485,346)	267,371
Net loss for the year	-	-	-	(159,330)	(159,330)
Balance at December 31, 2020	2,000,000	651,354	101,363	(644,676)	108,041

See accompanying notes to the consolidated financial statements.

PESORAMA INC. (FORMERLY SKYSCAPE CAPITAL INC)

Consolidated Statements of Cash Flows

For the years ended December 31

	2021	2020
Operating Activities		
Net loss and comprehensive loss for the year	(597,935)	(159,330)
Adjustments for items not affecting cash:		
Accounts payable and accrued liabilities	370,332	124,224
Cash used in operating activities	(227,603)	(35,106)
Net decrease in cash	(227,603)	(35,106)
Cash, beginning of year	237,992	273,098
Cash, end of year	10,389	237,992

See accompanying notes to the consolidated financial statements.

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

PesoRama Inc. (formerly Skyscape Capital Inc., the "Corporation") was incorporated under the Business Corporations Act (Ontario) on January 9, 2018 and is a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") Corporate Finance Manual. The principal business of the Corporation in the years ended December 31, 2021 and 2020 was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). At December 31, 2021, the Corporation had not commenced commercial operations and had no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported.

On March 8, 2021, the Corporation announced the execution of an amalgamation agreement between the Corporation, PesoRama Inc. ("PesoRama") and 11518003 Canada Corp. ("Subco"), a wholly owned subsidiary of the Corporation, which set forth the terms and conditions upon which the Corporation agreed to acquire PesoRama by way of reverse takeover (the "RTO Transaction"). PesoRama is a private company incorporated and existing under the Canada Business Corporations Act. Subsequent to the date of these financial statements, on February 8, 2022, the Corporation completed the RTO Transaction with PesoRama. The RTO Transaction served as the Corporation's QT under the policies of the Exchange. See Note 7 for further detail.

On March 11, 2020, the Corporation was suspended from trading by the Exchange for failing to complete a QT within 24 months from the date of listing. On May 5, 2021, the Corporation held a "Special Meeting" in which disinterested shareholders approved the removal of the consequences of failing to complete a QT within 24 months of listing as set out in section 15.2(b)(i) of the New CPC Policy; as well as amend the escrow release conditions and certain other provisions of the Corporation's CPC escrow agreement dated February 20, 2018.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The head office and the registered head office of the Corporation is located at 77 King Street, suite 700, Toronto, ON M5K 1G8.

On May 2, 2022, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its wholly owned subsidiary, 11518003 Canada Inc.

Basis of Presentation

The consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these consolidated financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Share-based Compensation

Equity-settled share-based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the consolidated financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash held in trust is a level 1 financial instrument measured at fair value on the statements of financial position.

Income Taxes

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

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

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

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

Critical Accounting Estimates and Judgements

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.

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued	Number of shares	\$
1,000,000 common shares (i)	1,000,000	\$ 250,000
1,000,000 common shares (ii)	1,000,000	500,000
Cost of issuance-Cash		(72,202)
Cost of issuance-share based payment		(26,444)
Balance, December 31, 2021 and 2020	2,000,000	\$ 651,354

(i) Escrowed Shares

During the period from incorporation (January 9, 2018) to December 31, 2018, the Corporation issued 1,000,000 common shares at \$0.25 per share for gross proceeds of \$250,000.

All common shares of the Corporation acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 1,000,000 shares have been escrowed at December 31, 2021 and December 31, 2020.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the Final Exchange Bulletin is issued.

(ii) Initial Public Offering

On March 6, 2018, the Corporation completed its Initial Public Offering ("IPO") of 1,000,000 common shares at \$0.50 per share (\$500,000). The Corporation paid a commission of 10% of the gross proceeds to Canaccord Genuity Corp. (the "Agent"), and granted the Agent warrants to acquire 10% of the common shares issued in the IPO exercisable for a period ending twenty-four months from the closing of the IPO, exercisable at \$0.50 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$72,202 were associated with these issuances and the value attributed to warrants granted to the Agent is \$26,444.

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Board of Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

Corporation and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any shares issued upon exercise of the options prior to the Corporation entering into a QT will be subject to escrow restrictions.

The following table reflects the continuity of stock options and warrants:

	Number of Stock Options and Warrants	Weighted Average Exercise Price (\$)
Balance, January 9, 2018	-	-
Granted (i)	100,000	\$0.50
Granted to directors and officers (ii)	200,000	\$0.50
Expiration of agents warrants (i)	(100,000)	(\$0.50)
Balance, December 31, 2021 and 2020	200,000	\$0.50

- i. On March 6, 2018, the Corporation granted 100,000 compensation warrants to the Agent, which are exercisable at an exercise price of \$0.50 per share for a period of 24 months following the date that the common shares are listed on the Exchange. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.75%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was \$26,444. The warrants expired March 6, 2020, without any having been exercised.
- ii. On March 6, 2018, the Corporation granted 200,000 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.50 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.97%, expected volatility of 100% and an expected life of five years. The value attributed to these warrants was \$74,919.

The following table reflects the actual options and warrants issued and outstanding as of December 31, 2021:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 6, 2023	\$0.50	1.18	200,000	200,000

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital and deficit, in the definition of capital.

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT.

Risk Disclosures and Fair Values

The Corporation's financial instruments, carried at amortized cost, consist of cash held in trust and accrued liabilities, which approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, the Corporation incurred legal fees of \$546,019 (2020 - \$135,280) for services provided by a law firm whose partner is a director of the Corporation. These services related primarily to the law firm's role in completing the QT. As at December 31, 2021, \$499,960 (2020 - \$126,874) is included in accrued liabilities for these services.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the years ended December 31, 2021 and 2020.

6. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020– 26.5%) to the effective tax rate is as follows:

	2021	2020
Net loss for the period	\$ (597,935)	\$ (159,330)
Expected income tax expense (recovery)	(158,453)	(42,223)
Change in tax benefits not recognized	158,453	42,223
Income tax (recovery)	\$ -	\$ -

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

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

	2021	2020
Capitalized professional fees	\$ 836,775	\$345,360
Share issuance costs	16,458	30,900
Operating tax losses carried forward	386,662	265,700
	\$1,239,895	\$641,960

The Canadian operating tax losses carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items as it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom.

The Canadian operating tax losses expire as follows:

2038	\$ 181,710
2039	45,502
2040	38,491
2041	120,959
	386,662

7. SUBSEQUENT EVENTS AND CONTINGENCIES

Qualifying Transaction

On February 8, 2022, the Corporation announced the completion of its public offering (the "Offering"), by way of prospectus (the "Prospectus") dated January 31, 2022, of 4,700,000 units (the "Units") for aggregate gross proceeds of \$4,700,000. The Corporation also announced the closing of its previously announced QT involving the amalgamation of PesoRama Inc. ("Old PesoRama") and the Corporation's wholly owned subsidiary, 11518003 Canada Inc., ("Subco"), to form a new corporation, PesoRama Holdings Inc. ("Amalco"), as well as the change of the Corporation's name to PesoRama Inc. (the "Name Change"), all effective February 8, 2022 .

In connection with the RTO Transaction, the Corporation raised \$4.7 million in gross proceeds through a prospectus offering (the "Offering"). The Offering consisted of 4.7 million units of the Corporation at a price of \$1.00 per unit. Each unit consisted of one common share and one warrant to purchase common shares exercisable at \$1.25 per share through February 8, 2024 (the "Offering Warrant Expiry Date"). In the event that the volume-weighted average price of the shares is equal to or greater than \$2.00 over a 10 consecutive trading day period, the Corporation may, at its option, within 10 business days following such 10-day period, accelerate the Offering Warrant Expiry Date by issuing a press release, and in such case, the Warrant Expiry Date shall be deemed to be the date that is 30 days following the issuance of the press release.

PesoRama Inc. (formerly Skyscape Capital Inc.)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and December 31, 2020
(in Canadian Dollars)

Legal Action from Former CEO

On August 16, 2021, the employment of Old PesoRama's CEO (the "Former CEO") was terminated. On November 2, 2021, the Former CEO filed a statement of claim in the Court of Queen's Bench of Alberta against Old PesoRama, its other directors, the Corporation, 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 Corporation; (ii) a declaration that the Respondents' conduct was oppressive; (iii) an order replacing Rahim Bhaloo and Andrew Parks as directors of the Corporation; (iv) an order that the Corporation 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 Corporation's officers and directors to deliver to the Former CEO 8,750,000 Shares of the Corporation. 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 Old PesoRama before Old PesoRama'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 Corporation is considering all available recourse and intends to take litigation steps in the appropriate forum to protect its interests. As such, the Corporation has not made any provision related to this litigation.

700, Toronto, Ontario M5K 1G8. The Corporation's common shares commenced trading on the Exchange under the trading symbol "SKY.P" on March 6, 2018.

The principal business of the Corporation in the years ended December 31, 2021 and 2020 was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). At December 31, 2021, the Corporation had not commenced commercial operations and had no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT.

During the period from incorporation (January 9, 2018) to December 31, 2018, the Corporation issued 1,000,000 common shares at \$0.25 per share for gross proceeds of \$250,000.

On March 6, 2018, the Corporation completed its Initial Public Offering ("IPO") of 1,000,000 common shares at \$0.50 per share (\$500,000). The Corporation paid a commission of 10% of the gross proceeds to Canaccord Genuity Corp. (the "Agent"), and granted the Agent warrants to acquire 10% of the common shares issued in the IPO exercisable for a period ending twenty-four months from the closing of the IPO, exercisable at \$0.50 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$72,202 were associated with these issuances and the value attributed to warrants granted to the Agent is \$26,444.

The warrants, which had an expiry date of March 6, 2020, expired unexercised.

On March 11, 2020, the Corporation was suspended from trading by the Exchange for failing to complete a QT within 24 months from the date of listing.

Concurrently with the completion of the IPO, the Corporation granted 200,000 stock options to its directors and officers at an exercise price of \$0.50 per share for a period of five years from the grant date.

On March 8, 2021, the Corporation announced the execution of an amalgamation agreement between the Corporation, PesoRama Inc. ("PesoRama") and 11518003 Canada Corp. ("Subco"), a wholly owned subsidiary of the Corporation, which set forth the terms and

conditions upon which the Corporation agreed to acquire PesoRama by way of reverse takeover (the “RTO Transaction”). PesoRama is a private company incorporated and existing under the Canada Business Corporations Act. Subsequent to the date of these financial statements, on February 8, 2022, the Corporation completed the RTO Transaction with PesoRama. The RTO Transaction served as the Corporation’s QT under the policies of the Exchange.

On May 2, 2022 the Board of Directors approved the consolidated financial statements for the year ended December 31, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID- 19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Summary of Quarterly Results

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total Assets	\$10,389	\$35,487	\$39,050	\$60,023	\$237,992	\$237,991	\$249,049	\$252,900
Total Revenues	nil	Nil	nil	nil	nil	nil	nil	nil
Total Expenses	\$196,013	\$132,632	\$196,458	\$72,832	\$110,307	\$17,263	\$14,243	\$17,517
Net Income (Loss)	(\$196,013)	(\$132,632)	(\$196,458)	(\$72,832)	(\$110,307)	(\$17,263)	(\$14,243)	(\$17,517)
Basic and diluted net loss per share	(\$0.10)	(\$0.07)	(\$0.12)	(\$0.07)	(\$0.11)	(\$0.02)	(\$0.01)	(\$0.02)

Results of Operations

For the year ended December 31, 2021

The Corporation recorded a net loss of \$597,935 for the year ended December 31, 2021. The net loss is due mainly to costs related to the QT as well as professional fees.

Additional Disclosure for Venture Issuers without Significant Revenue

PesoRama Inc. (formerly Skyscape Capital Inc.)

Management Discussion and Analysis

Page 4

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred from the date of incorporation (January 9, 2018) to December 31, 2021:

Professional fees	\$1,053,878
Filing fees	\$113,814
Stock-based compensation	\$74,919

Liquidity and Capital Resources

As at December 31, 2021, the Corporation had cash of \$10,389 (2020 – 237,992). The Corporation had current liabilities of \$500,283 (2020 - \$129,951) and working capital of (\$489,894) (2020 - \$108,041).

Negative cash flows of \$227,603 (2020 – \$35,106) were recorded from operating activities during the year ended December 31, 2021. This is primarily due to outflows relating to filing fees and professional fees.

Outstanding Share Data

As of the date of this MD&A, 72,028,239 common shares are issued and outstanding.

As of the date of this MD&A, following the Offering, there are 9,000,000 stock options outstanding, exercisable at between \$0.40 and \$1.00 per share.

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

During the year ended December 31, 2021, the Corporation incurred legal fees of approximately \$546,019 (2020 - \$135,280) for services provided by a law firm whose partner is an officer of the Corporation. As at December 31, 2021, \$499,960 (2018 - \$126,874) is included in accounts payable and accrued liabilities for these services.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the year ended December 31, 2021.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

Prior to the completion of RTO Transaction, the Corporation's primary objective with respect to its capital management was to ensure that it had sufficient cash resources to fund the identification and evaluation of potential acquisitions. Subsequent to the completion of the RTO Transaction, the Corporation's primary objective is to fund both existing operations and continued expansion. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT.

Subsequent events and contingencies

Qualifying Transaction

On February 8, 2022, the Corporation announced the completion of its public offering (the "Offering"), by way of prospectus (the "Prospectus") dated January 31, 2022, of 4,700,000 units (the "Units") for aggregate gross proceeds of \$4,700,000. The Corporation also announced the closing of its previously announced QT involving the amalgamation of PesoRama Inc. ("Old PesoRama") and the Corporation's wholly owned subsidiary, 11518003 Canada Inc., ("Subco"), to form a new corporation, PesoRama Holdings Inc. ("Amalco"), as well as the change of the Corporation's name to PesoRama Inc. (the "Name Change"), all effective February 8, 2022 .

In connection with the RTO Transaction, the Corporation raised \$4.7 million in gross proceeds through a prospectus offering (the "Offering"). The Offering consisted of 4.7 million units of the Corporation at a price of \$1.00 per unit. Each unit consisted of one common share and one warrant to purchase common shares exercisable at \$1.25 per share through February 8, 2024 (the "Offering Warrant Expiry Date"). In the event that the volume-weighted average price of the shares is equal to or greater than \$2.00 over a 10 consecutive trading day period,

the Corporation may, at its option, within 10 business days following such 10-day period, accelerate the Offering Warrant Expiry Date by issuing a press release, and in such case, the Warrant Expiry Date shall be deemed to be the date that is 30 days following the issuance of the press release.

Legal Action from Former CEO

On August 16, 2021, the employment of Old PesoRama's CEO (the "Former CEO") was terminated. On November 2, 2021, the Former CEO filed a statement of claim in the Court of Queen's Bench of Alberta against Old PesoRama, its other directors, the Corporation, 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 Corporation; (ii) a declaration that the Respondents' conduct was oppressive; (iii) an order replacing Rahim Bhaloo and Andrew Parks as directors of the Corporation; (iv) an order that the Corporation 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 Corporation's officers and directors to deliver to the Former CEO 8,750,000 Shares of the Corporation. 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 Old PesoRama before Old PesoRama'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 Corporation is considering all available recourse and intends to take litigation steps in the appropriate forum to protect its interests. As such, the Corporation has not made any provision related to this litigation.

Risks and Uncertainties

The following describes certain risks, events and uncertainties that could affect the

Corporation and that each reader should carefully consider. Please refer to the Corporation's prospectus dated January 31, 2022 for additional risks, events and uncertainties that could affect the Corporation.

External financing may be required to fund the Corporation's activities primarily through the issuance of common shares. There can be no assurance that the Corporation will be able to obtain adequate financing. The securities of the Corporation should be considered a highly speculative investment.

The Corporation has not generated significant revenues in the past; however, as a result of the RTO Transaction, the Corporation expects to generate significant revenues in the near future. The Corporation intends to retain its earnings in order to finance further growth. Furthermore, the Corporation has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Risk Disclosures and Fair Values

The Corporation's financial instruments, carried at amortized cost, consist of cash held in trust and accrued liabilities, which approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

For further detail, see the Corporation's consolidated financial statements for the year ended December 31, 2021. Additional information about the Corporation can also be found on SEDAR.

